THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

This document comprises an AIM admission document drawn up in accordance with the AIM Rules of London Stock Exchange plc.

Application has been made for the Ordinary Shares to be admitted to trading on AIM. **AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority.**

A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

London Stock Exchange plc has not itself examined or approved the contents of this document.

The Directors, whose names appear on page 3, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors, the information contained in this document is in accordance with the facts, and this document makes no omission likely to affect the import of such information.

Your attention is also drawn to the discussion of risks and other factors which should be considered in connection with an investment in the Ordinary Shares, set out in "Risk Factors" in Part II of this document.

AMINO TECHNOLOGIES PLC

Admission to trading on AIM

and

Placing of 10,615,530 Ordinary Shares at 120p per share

by

KBC PEEL HUNT LTD

Nominated Adviser and Broker

The Placing is conditional, *inter alia*, on Admission taking place on or before 9 June 2004 (or such later date as the Company and KBC Peel Hunt may agree). The Placing Shares will rank in full for all dividends or other distributions hereafter declared, made or paid on the Ordinary Shares and will rank *pari passu* in all other respects with all other Ordinary Shares in issue on Admission.

KBC Peel Hunt, which is regulated by the Financial Services Authority, is acting as the Company's nominated adviser in connection with the proposed admission of the Company's Ordinary Shares to trading on AIM. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to London Stock Exchange plc and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by KBC Peel Hunt as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). KBC Peel Hunt will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document in respect of the Placing or any acquisition of shares in the Company.

CONTENTS

DIRECTORS AND ADVISERS

Directors	**Grant Anthony Masom**, *Non-executive Chairman* **Robert John Giddy**, *Chief Executive* **Stuart Darling**, *Finance Director* **Nicholas Christopher Dwelly Kuenssberg**, *Non-executive Director* **Colin Richard Smithers**, *Non-executive Director* of Prospect House, Buckingway Business Park, Anderson Road, Swavesey, Cambridge CB4 5UQ
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Registered Office	Prospect House Buckingway Business Park Anderson Road Swavesey Cambridge CB4 5UQ

KEY INFORMATION

This information is derived from, and should be read in conjunction with, the full text of this document.

- Amino began trading in 1997, providing enabling technologies for broadband communications devices. Through its AmiNET family of Internet Protocol ("IP") set-top boxes, its software, known as AVICX, is used to facilitate the provision of television over IP, or IPTV.
- Amino's AVICX software is highly modular and functional and enables IPTV systems to be deployed at a comparatively low cost by telecoms service providers and hospitality providers.
- Although the market for IPTV is at an early stage, the AmiNET products have been adopted in many major deployments in Europe, USA, and the Asia Pacific region being undertaken by telecoms service providers, including Hong Kong Broadband Networks Limited, SureWest Communications Inc., SiOL d.o.o., Kansai Electric Power Company, Ringgold Telephone Co and Sollentuna Energi AB, and by NEC in 14,000 rooms in a UK hotel chain.
- Amino markets its products primarily through references from its partner organisations for whom the set-top box is a key component of the systems and networks that they provide. These organisations include many of the main suppliers to the market for IPTV systems, such as Irdeto Access, NDS, Alcatel, Minerva Networks, Kasenna and Myrio Corporation.
- The Directors believe that the Group has a number of key strengths which create barriers to entry. These are as follows:
  - its software technology is structured to control most types of content and streaming media and provides easy access and rapid porting for third-party developers, cutting costs of entry into markets and enabling faster development of new features. It also reduces memory and storage requirements, minimising costs without reducing performance;
  - its hardware design is low cost yet does not compromise on quality and performance, an achievement which is only made possible by the flexibility and robustness of its software technology;
  - its partnership and distribution network includes many of the main suppliers involved in the market for IPTV system provision; and
  - it is establishing key reference sites across the major geographic markets in which IPTV is being deployed.
- Shipping of product in volume commenced in September 2003. Amino sold approximately 11,500 units in that year, 48,500 units in the three months to 31 March 2004 and has orders for 60,000 units for delivery in the three months to 30 June 2004.
- Amino's strategy is:
  - to establish its software technologies and hardware designs as a market leader in IPTV systems. As the market expands, and well-established consumer brand name manufacturers enter the market, Amino intends to license both AVICX and the underlying hardware designs to these companies on an OEM basis. The Group is already in exploratory discussions with several manufacturers concerning licensing its technologies;
  - to develop further applications for its technology in areas consistent with its market position and expertise; and
  - to expand its role into that of an overall solutions provider in IPTV systems, through the incorporation of more technology and intellectual property, including middleware.
- The principal reason for the Placing is to raise funds for the Company to give the Group's balance sheet sufficient strength to establish credibility with the major telecoms service providers who are its customers. The net placing proceeds generated for the Company will also be invested, where necessary, in product development and to provide the increased working capital likely to be required as the business grows.

PLACING STATISTICS

Placing Price	120p
Number of new Ordinary Shares to be placed on behalf of the Company	5,833,333
Number of existing Ordinary Shares to be placed on behalf of existing Shareholders	4,782,197
Market capitalisation at the Placing Price	£61.2 million
Number of Ordinary Shares in issue on Admission	51,038,052
Percentage of enlarged issued share capital subject to the Placing	20.8 per cent.
Gross proceeds of the Placing available to the Company	£7.0 million
Net proceeds of the Placing available to the Company	£6.42 million

EXPECTED TIMETABLE

Admission and dealings in the Ordinary Shares to commence on AIM	9 June 2004
CREST accounts credited	9 June 2004
Despatch of definitive share certificates (where applicable) by	23 June 2004

PART I

INFORMATION ON THE GROUP

INTRODUCTION

Amino began trading in 1997 providing enabling technologies for broadband communications devices.

Amino's core software technologies are incorporated in its AVICX software system, which controls and manages all types of content from Internet, broadcast and local sources. This facilitates the mixing of web-based content with other sources, providing a suitable basis for the implementation of the user interface, access control and billing systems in a wide variety of environments. The AVICX software is highly modular and functional and enables Internet Protocol Television ("IPTV") system hardware platforms to be produced at a comparatively low cost.

Currently, Amino incorporates its AVICX software into the AmiNET family of Internet Protocol ("IP") set-top boxes, which are manufactured in China on a sub-contract basis. Although the market for IPTV is in its early stages, the AmiNET products have been adopted in many major deployments proceeding in Europe, USA, and the Asia Pacific region. Amino sold approximately 11,500 units in the financial year ended 31 December 2003, 48,500 units in the three months to 31 March 2004 and has orders for 60,000 units for delivery in the three months to 30 June 2004.

Building further on its AVICX software, Amino has also developed an IPTV system specifically for hospitality providers such as hotels, known as TALIA (Travel and Leisure Interactive Applications). In partnership with NEC (UK) Limited ("NEC"), this system is currently being installed in 14,000 rooms in a UK hotel chain.

Amino intends to establish its software technologies and hardware designs as a market leader in IPTV systems. Amino has been a pioneer in the formative stage of the market with its low-cost AmiNET products, but as the market expands, and well-established consumer brand name manufacturers enter the market, Amino intends to license both AVICX and its hardware designs to these companies on an OEM basis. Amino also intends to extend the range of applications for its technologies, in further set-top box or gateway products, and other system implementations like TALIA.

MARKET AND CUSTOMERS

IP has now become an established method of delivery, through networks or the Internet, of a wide range of digital services. A recent development has been the IP based provision of video, known as Video Over IP or IPTV. Not only can interactive video services now be delivered into homes or made available on commercial networks, video services can be combined with other digital functions such as monitoring of customer usage, billing or interactive functions such as gaming. Video Over IP therefore has a number of potential markets for set-top box applications, of which Amino is primarily focusing on two: telecoms service providers and hospitality providers.

Telecoms service providers

In certain geographical markets, including the USA, telecoms service providers have lost voice and data services customers and revenues to cable operators, who are offering voice, data and video on a single connection (known as triple-play). Telecoms service providers are also vulnerable in their voice-call markets to providers of the emerging services in Voice Over IP ("VoIP").

In order to maximise revenue generation from their networks and to recover customers lost to other service providers, telecoms service providers are now providing IPTV themselves, giving them their own triple-play offering. Further, the nature of IPTV enables the provision of a broader range of services than cable operators are currently able to offer, such as true Video On Demand ("VOD").

The IPTV market is currently in its infancy. However, the provision of IPTV to telecoms service providers is expected to increase significantly, with the number of IP set-top box shipments forecast to grow from approximately 2 million in 2004 to between 12.2 million and 13.6 million by 2008 (source: ABI – The Rise of IP Set-Top Boxes).

Telecoms service providers who have deployed Amino's products include Hong Kong Broadband Networks Limited, SureWest Communications Inc., SiOL d.o.o., Kansai Electric Power Company, Ringgold Telephone Co, and Sollentuna Energi AB.

Hospitality providers

Video Over IP also enables hospitality providers such as hotels to use their networks to offer their customers a wider range of high quality and reliable digital services, including true VOD, trick-play, on-line payment and the ability to match content to customer profile.

Amino is accessing this market in partnership with NEC, which offers hotels a system, known as TALIA, for which Amino acts as systems integrator and provider of the set-top boxes. The first deployment of this system by NEC is in the Travelodge chain, and involves the initial supply of 14,000 set-top boxes.

Amino markets its products primarily through references from its partner organisations for whom the set-top box is a key component of the systems and networks that they provide. These organisations include many of the main suppliers to the market for IPTV systems, such as Irdeto Access, NDS, Alcatel, Minerva Networks Inc., Kasenna and Myrio Corporation. Through its set-top boxes, Amino provides key software technologies and hardware products that enable these organisations to sell their own products in the market for the delivery of IPTV and the Directors believe that this makes these organisations its natural champions. Amino has also recently set up a wholly owned US subsidiary, Amino Communications, L.L.C., based in Atlanta, to facilitate sales and customer support into the US market. Amino plans to establish similar operations in the Asia Pacific region.

COMMERCIAL PROGRESS

In the year ended 31 December 2003, Amino's revenues were divided approximately equally between the Americas, the Asia Pacific region and Europe. As at 1 June 2004 (being the latest practicable date prior to the publication of this document), some 300 customers have taken the Group's products for the purposes of product evaluation. Of these, 17 have so far placed orders for deployment in volume.

Amino generated revenues in the year ended 31 December 2003 of approximately £1 million from the sale of 11,500 units and approximately £4 million in the first three months of the financial period to 30 November 2004 from the sale of 48,500 units.

Orders have been received for approximately 60,000 units for delivery in the second quarter of 2004. Beyond that period, Amino's order book on 1 June 2004 (being the latest practicable date prior to the publication of this document) stood at approximately 41,000 units and approximately £3.8 million.

STRATEGY AND PROSPECTS

Amino's strategy in the short term is to establish its software technologies and hardware designs as a market leader in IPTV systems. As the demand for any of its products reaches commodity levels and well-established consumer brand name manufacturers enter the market, Amino intends to license on a non-exclusive basis both its AVICX software system and the underlying hardware designs to OEMs. Licensing income will comprise both access fees and ongoing royalties. Amino is already in exploratory discussions with several manufacturers concerning licensing its technology.

In addition to its current products, Amino intends to develop further applications for its technology in areas consistent with its market position and expertise. Amino also intends to expand its role into that of an overall solutions provider in IPTV systems, through the incorporation of more technology and intellectual property, including middleware, into the set-top box and associated software.

The Directors also see an opportunity to generate revenues across the broader IPTV market, for example by providing system services such as integration and support, building on the experience gained in developing the TALIA system with NEC, specifying and supplying the entire system and supplying content.

TECHNOLOGY

Amino's core software technology is incorporated in its AVICX architecture. This is implemented in the form of software libraries written in the C programming language and constructed in a well-partitioned and modular fashion with due consideration to efficiency both in code size and in speed of execution. Functionally, the system provides control and management of all types of content whether video, audio, data, text, graphics, or combinations of these. Content sources can be accessed from the local network, the Internet or on-board storage such as hard drives or flash memory. Identification of these types of content is handled by the use of Uniform Resource Locators ("URLs") which identifies uniquely the named resource file and its location and also indicates the transport mechanism to be used (in this case the Hyper-Text Transfer Protocol ("HTTP") which is a file-transfer based model). AVICX extends the idea of URLs to include streaming media, where, rather than a download model, there is a continuous and uninterrupted flow of data. Video and audio streams can be joined and left mid-flow, and can be applied to network-based or broadcast TV, cable or satellite to present TV services.

Accordingly, a TV channel can be referred to with a URL and handled in exactly the same way as a web-page. AVICX allows the concept of a channel number to be used for any source of content. Therefore, the barriers between what were traditionally separate classes of data are broken down. TV can be treated like the web, and the web like TV, bringing these classes of data under a single umbrella.

In addition to this method of content location, AVICX provides all the necessary command and control software to manipulate the streams and files (known as JMACX), and gives easy access to this through a range of high-level programming interfaces. This makes it much more straightforward to develop the sort of multi-functional interactive services that operators are competing to provide. It means that they can write much less detailed software, working with all forms of data at a high level and knitting them together to provide a pleasing user experience. Many customers have used the AVICX platform to do this, for example, mixing TV and video services with gaming and continuous share-price tickers, developing their services rapidly and with a high degree of control and customisation available to them.

The AVICX software is modular and portable, yet remains lean and efficient, running in a very modest amount of memory while simultaneously ensuring that the computing power that it consumes is minimised. This is achieved by a clear separation between control, information and streaming data since the mechanisms required to handle each are fundamentally different. By separating the data into its own high-throughput pipes, Amino maximises throughput and actually increases the generality of application. As a result of this efficiency, AVICX adds approximately 350K bytes of software onto the base operating system. This is extremely small; a basic web-browser implementation, for example, would be at least ten times this size. Amino is therefore able to utilise standard off the shelf electronic components, keeping costs down. System clock speeds can be kept to medium levels. This further reduces cost of support circuitry and simplifies the task of ensuring that regulatory requirements for electromagnetic interference are met. Electrical power consumption is reduced, simplifying further the support components, meaning that products do not require forced cooling and so can be housed in small packaging. The chain of cost reduction thus crosses all aspects of the design process all arising from the basic efficiency of the architecture.

Amino also aims to make third-party porting of software applications and systems onto its platform as easy as possible, recognising that this has dramatic effects on the time taken for adoption in the market place. The Group has therefore chosen to adopt Linux as its operating system and networking software. This provides a solid platform onto which third-party applications and middleware clients can be built or ported quickly and efficiently, eliminating barriers to adoption, reducing the cost of entry and time-to-market for customers and systems integrators.

The Group has applied for patents covering various aspects of its technology.

PRODUCTS

IPTV and Video Over IP hospitality systems incorporate a number of different technologies and hardware components. The systems comprise a central site, or “head end”, where content is stored on video servers. The head-end also incorporates access control, through an encoder, and hosts the central billing function. The technologies and hardware at the head-end are typically provided by one or more of Amino’s partners.

Content is accessed at the “customer end” (typically a hotel room or the home). The Group provides the customer end solution, including the set-top box hardware and a large proportion of the customer end software, and also provides a robust framework for incorporating the customer end applications which it does not directly supply.

The aggregate cost of the set-top boxes deployed constitutes the most expensive element of the overall IPTV system deployment, so the individual unit has to be price competitive. However, since the technologies incorporated in the set-top box must be sufficiently flexible to integrate readily with the other components and technologies comprising the system, price considerations cannot lead to compromised quality and performance.

Amino’s software technologies enable its set-top boxes to utilise a simpler hardware design than competing products, making the units smaller and less expensive to manufacture. All of the units, regardless of functionality, use similar designs and components and build on the same core software technologies. Amino’s software technologies and approach to product design and development is highly flexible, enabling it to provide solutions specifically tailored to a particular customer’s requirements and avoiding the unnecessary incorporation of hardware and third party software more typical in less customised products. For these reasons, the Directors believe that the Group’s products are the lowest cost products of their type in the market. The Directors also consider that Amino’s products are highly compatible with the other technologies and components with which they have to integrate. This compatibility reduces the time required for integration of applications and enables a reduction in a system’s time to market, lowering the initial investment. The Directors believe that this gives the Group a key competitive advantage.

Amino’s current products are as follows:

AmiNET103

The AmiNET103 has a network input and video and audio output only and provides interactive digital television including multicast, VOD and Internet access. Various memory options are available, depending on the complexity of the software to be supported, which enables the cost to be variable. For further cost reduction, the unit can load over the network, removing the need to incorporate costly flash memory storage. The embedded web browser, together with extensions developed by the Group, provides the primary user interface and the support required to control a sophisticated VOD and IP multicast system, with full trick-play functionality and integrated on-screen graphics.

AmiNET110

The AmiNET110 provides the same functionality as the AmiNET103 with additional outputs such as RGB video for Europe, S-video for the US and Asia, RF video out for the US, S/P-DIF audio for Dolby Digital, and USB for external devices. This device, like the AmiNET103, is able to handle both PAL and NTSC output.

AmiNET210H

The AmiNET210H has been designed specifically for use in the hospitality sector, and includes a built-in DVB-T tuner for access to the free-to-air digital terrestrial television market, for example Freeview in the UK. The box can be connected to an existing RF cable system (as installed in many hotels) for DVB transmissions, and has network connectivity for access to interactive services including VOD and the Internet.

AmiNET500

The AmiNET500 is due to be shipped to customers in the summer of 2004. Extending the AmiNET100 series, the AmiNET500 includes a hard disc allowing Personal Video Recording ("PVR") functionality, capable of displaying video either from incoming multicast or VOD streams, or from the hard drive. It will also support simultaneous watch and record, time-shifting or recording whilst watching video from the hard drive. Where the bandwidth of the external network connection or quality of service is insufficient to allow direct user access to network video streams, video content can be uploaded to the hard drive, for playback with full trick-play support. Capable of providing high quality audio, video, graphic or text-based presentations, expected applications for the AmiNET500 include:

- Point of sales advertising/ retail media displays;
- Interactive retail kiosks/ interactive information kiosks; and
- MP3 jukebox.

PRODUCT DEVELOPMENT

Amino's current products are designed to receive MPEG 2 video streams. MPEG 2 is the video compression standard used in the majority of IPTV systems to date. MPEG 2 requires a network bandwidth per stream of 2 to 8 Mbit/s, but typically 3.5 Mbit/s. This means that it may not be possible for IPTV to be made available on all telephone networks or to users located some distance from the telephone exchange.

A number of new encoding standards are now becoming available, most notably MPEG 4, Windows Media 9 and H.264, which typically require significantly less bandwidth per stream. The Directors believe that the introduction of these technologies will enable more telecoms service providers to deploy IPTV services more cost effectively and with greater geographical reach. Amino is developing products designed to take advantage of such new technologies for launch in the first quarter of 2005.

Amino is also examining the potential market for incorporating its technology in home networks. It is designing a home server for this purpose and is evaluating the technologies of a number of potential partners in this area.

KEY STRENGTHS

The Directors believe that Amino has the following key strengths which create barriers to entry:

- its software technology encompasses a high degree of functionality structured to control most types of content and streaming media and to provide easy access and rapid porting for third-party developers, cutting costs of entry into markets and enabling faster development of new features. It also reduces memory and storage requirements, minimising costs without reducing performance;
- its hardware design is low cost yet does not compromise on quality and performance, an achievement which is only made possible by the flexibility and robustness of its software technology;
- its partnership and distribution network includes many of the main suppliers involved in the market for IPTV system provision; and
- it is establishing key reference sites across the major geographic markets in which IPTV is being deployed.

The Directors believe that if the barriers to entry are sufficiently high, other suppliers in the IPTV market will find it more cost-effective to license the Group's technology than develop their own.

MANUFACTURING AND DISTRIBUTION

Amino has sub-contracted the manufacture of its products to In-Tech, a Chinese manufacturing company. The Directors consider that In-Tech is capable of meeting Amino's manufacturing requirements for the foreseeable future. Amino is in discussions with other manufacturers as a means of diversifying supply risk and intends to also use local manufacturers when it sells products in volume into markets operating prohibitive tariffs or import quotas.

All of Amino's current products are based on the IBM "Vulcan" semi-conductor. Amino has ordered sufficient quantities of the semi-conductor to meet its needs for the foreseeable future, but if IBM ceased to supply the semi-conductor the Directors believe that there would be a delay of some months in product shipments while the Group completes the engineering necessary to accommodate an alternative semi-conductor cost-effectively. This engineering process has already commenced with the development by Amino of products that have been designed to take advantage of MPEG 4, Windows Media 9 and H264 technologies. These are planned to be launched in the first quarter of 2005.

Distribution involves In-Tech delivering the products to a bonded warehouse in Hong Kong where they are either collected by the customer's shipping agents or shipped to the customer by Amino's nominated shipping agent. The Group has recently entered into an agreement with Advanced Media Technologies, Inc., a wholly owned subsidiary of Itochu International, Inc, to provide logistics and distribution services in the US. It also plans to establish a network of distribution and logistics operations to service other key markets.

In common with other suppliers of electronic products, Amino is subject to variable lead-times and availability of key components, including semiconductor memory and processors. Component lead-times are often significantly longer than Amino's customers' desired lead-time for delivery of the finished product. Particularly at a time of high growth, Amino faces the challenge of satisfying customer demand without taking undue risks in ordering inventory ahead of customer orders.

GROUP STRUCTURE

The Group comprises the following companies:

- Amino Technologies plc, a public limited company recently formed to act as the new holding company for the Group. Under a share-for-share reorganisation effected in May 2004, the Company acquired the entire issued share capital of Amino Holdings Limited.
- Amino Holdings Limited, formed in 1996 and formerly the holding company for the Group. It is now an intermediate holding company which also owns certain intellectual property of the Group in addition to the entire issued share capital of Amino Communications Limited and Amino Communications, L.L.C.
- Amino Communications Limited, formed in 1998 and the principal trading company of the Group.
- Amino Communications, L.L.C., a US limited liability company established in 2004 to facilitate sales and customer support in the US market.

HISTORICAL RESULTS

The Group's results for the three years ended 31 December 2003, which have been extracted from the accountants' report on Amino Holdings Limited and its subsidiaries set out in section B of Part III of this document, are as follows:

	Year ended 31 December		
	2001	*2002*	*2003*
	£'000	*£'000*	*£'000*
Turnover	2,071	853	1,037
Gross profit	1,517	592	297
Loss on ordinary activities before taxation	(3,207)	(2,107)	(4,430)

The results, in particular the gross margin, reflect the change in nature of the Group's revenues from licensing technology and providing design consultancy services to OEMs in the year ended 31 December 2001 to manufacturing and distributing products which commenced shipping in volume in September 2003.

DIRECTORS AND EMPLOYEES

Directors

Details of the Directors, their roles and their backgrounds are as follows:

Grant Masom, MA (Non-Executive Chairman, aged 47)

Grant joined Amino as Chairman in February 2001. To date, Grant has acted as executive chairman and will become non-executive Chairman on Admission.

Grant has 25 years' experience in the technology industry, over 15 years of which has been spent in senior management and board level positions. As chief executive at Tricom Communications and GADC Networks, he achieved successful trade sale exits for the companies' venture capital shareholders. He has worked with a number of venture capital backed companies as an independent chairman or director, achieving four further successful exits. He is currently chairman of Comunica Holdings plc, TIS Software Holdings Ltd and ePOINT Group Ltd and is a non-executive director of Phase One A/S.

Bob Giddy, (Chief Executive, aged 56)

Bob joined Amino as Managing Director in November 2001.

Bob has thirty years' experience in the semiconductor industry with senior management and board level positions held at NEC Electronics, inSilicon and National Semiconductor. Bob was director and general manager at NEC Electronics for fourteen years during which he established ASIC, microprocessor and multimedia design centres. After leaving NEC, Bob established the European operations for inSilicon, a silicon IP vendor.

Stuart Darling, ACA, (Finance Director, aged 40)

Stuart joined Amino as Finance Director in June 2001.

Stuart's track record is in strategic planning and financial management for fast-growth technology businesses. He joined Amino from Cartezia Limited, a provider of services and technology to existing and new digital businesses and ventures. He previously worked for CyberLife Technology Limited, in the field of artificial life technology, a spin-out from Millennium Interactive Limited, a developer and publisher of entertainment software. After qualifying as a chartered accountant with Price Bailey, Stuart spent five years at Coopers & Lybrand, where he specialised in fast-growth companies and corporate recovery.

Nick Kuenssberg, FCIS, CCMI, FIoD, FRSA (Non-executive, aged 61)

Nick joined Amino in January 2004. Nick was with Coats Viyella plc for 27 years during which time he worked in Europe and South America before becoming a main board director between 1986 and 1991.

Previously chairman of Stoddard International plc, David A Hall Ltd, ScotlandIS and the Institute of Directors, Scotland; director of Standard Life Assurance Company, ScottishPower plc, Dawson International plc and other companies, he is currently chairman of iomart Group plc, GAP Group Ltd, Glasgow School of Art, deputy chairman of Scottish Environment Protection Agency and a director of Chamberlin & Hill plc, RingProp plc and Keronite Ltd.

Colin Smithers, PhD, C Eng, FIEE, M InstD, LTCL (Non-executive, aged 45)

Colin joined Amino in March 2002.

Colin is co-founder and managing director of Plextek Limited, one of the largest independent electronics design consultancies in Europe. At Plextek's inception, Colin filled the technical director role and therefore has a keen interest in technology and related issues.

Board composition and committees

The Company has established an audit committee and a remuneration and nominations committee.

The audit committee comprises the three non-executive Directors and is chaired by Nick Kuenssberg. It is responsible for ensuring that the financial performance of the Group is properly reported on and monitored and for reviewing the auditor's reports relating to accounts and internal control systems.

The remuneration and nominations committee comprises the three non-executive Directors and is chaired by Grant Masom. It is responsible for the review and recommendation of the scale and structure of remuneration for senior management, including the award of share options, and will consider any appointments to the Board which may be considered in future.

The Company has adopted a share dealing code for Directors and relevant employees and will take proper steps to ensure compliance by the Directors and those employees.

Senior management

The following play a major senior management role in the operation of the Group:

Roy Kirsopp, (Chief Executive Officer Amino Communications, L.L.C., aged 40)

Roy joined Amino in May 2002 as director of sales and has recently relocated to the US to become chief executive officer of Amino Communications, L.L.C.

Roy has more than 18 years experience in the electronics industry, including seven years at NEC Electronics in both sales and marketing management. Roy's previous roles include managing director for Sunrise Electronics (NEC's largest European semi-conductor distributor) and managing director for Comodo Ltd, an e-commerce security solutions company.

Mike Greenall, (Vice President/General Manager Products, aged 40)

Mike joined Amino in June 2002.

Mike has 19 years' experience in the electronics industry of which the last ten have been in the field of digital TV. He was recruited from Philips Semiconductors Ltd. where he held the position of global segment manager, set-top boxes, covering sales of silicon solutions into the global digital set-top box market. Prior to that, Mike was general manager, Europe for C-Cube Microsystems Inc., a supplier of silicon into the digital encode and decode market, and before that marketing engineer for NEC, where he initiated customer design-ins which led to the eventual development of the multimedia design centre.

Paul Fellows, (Vice President/Director Engineering, aged 43)

Paul joined Amino in 1998.

Paul has over 20 years' experience in the electronics industry, having been Microsystems Software Manager at Acorn Computers, designing the first operating system software for the ARM processor, and chief engineer for PI Research Limited, working on IndyCar and Formula-1 Telemetry systems.

Basil Fisk, (Vice President/General Manager Systems, aged 46)

Basil joined Amino in 2003.

Basil has extensive experience in systems specification and implementation, in particular in the field of billing and operational support systems. Prior to joining Amino, he was managing director of ZOAZ Group, a strategic systems and innovative design consultancy.

Employees

Amino currently employs 61 staff, including executive Directors. Approximately half of Amino's employees are engaged in research and development, the remainder in sales, product marketing and administration.

Amino intends to employ some 30 further staff in the UK, USA and the Asia Pacific region over the next twelve months as the business develops, sales increase and the range of products broadens, primarily in the areas of sales and product marketing.

Equity participation

Nick Kuenssberg and Colin Smithers are subscribing for 25,000 and 40,000 new Ordinary Shares respectively in the Placing. Grant Masom exercised 130,000 options on 21 May 2004 and is selling 100,000 Ordinary Shares in the Placing. Stuart Darling and Bob Giddy have each agreed to exercise immediately prior to Admission options over 59,674 and 800,000 Ordinary Shares respectively. Stuart Darling will sell all such 59,674 Ordinary Shares in the Placing. Bob Giddy will sell all such 800,000 Ordinary Shares in the Placing together with the 73,031 Ordinary Shares he currently holds in the Company.

Following the Placing, the Directors will be interested, in aggregate, in 369,779 Ordinary Shares, representing 0.72 per cent. of the issued ordinary share capital of the Company, and a further 2,300,677 options over Ordinary Shares. The Directors have agreed that they will not dispose of any interests in the Company's share capital before the announcement of the Group's interim results for the six months ending 31 May 2005, except in certain strictly limited circumstances and for a further period of twelve months without the consent of the Company's stockbroker (which it may not unreasonably withhold).

The Group has granted options to current and former employees and directors under the Share Option Plan, over 90 per cent. of which are held by current employees and Directors. Following the Placing, options over 4,187,687 Ordinary Shares are expected to be outstanding, equivalent to 8.21 per cent. of the then issued ordinary share capital of the Company. Currently, the Company plans to discharge substantially all of these share option obligations by allocating existing Ordinary Shares held by the Amino Communications Employee Benefit Trust which, following the Placing, is expected to hold 4,107,789 Ordinary Shares, equivalent to 8.05 per cent. of the Company's then issued share capital. Options over 203,709 Ordinary Shares granted to current and former non-executive directors are not permitted to be satisfied from the EBT and are expected to be satisfied by the issue of new shares. The Company is committed to grant a further 330,000 options to employees who have recently joined or are in the process of joining the Group.

The Company currently intends that future option grants will be made over new shares. The EBT will be run down over time, as employees exercise their options or the options expire.

Further details of the interests of the Directors in Ordinary Shares and in options over Ordinary Shares are set out in paragraph 2 of Part IV of this document.

REASONS FOR THE PLACING AND USE OF PROCEEDS

Over the last 18 months, the Group has been in a product evaluation phase, with customers generally taking relatively small quantities of product for technical evaluation. Orders are now being received for commercial quantities, indicating that there is market interest in the Group's products. Some of the markets where the Group seeks to sell in large quantities are dominated by large telecoms service providers which require their suppliers to demonstrate financial strength before they will be prepared to contract directly with them for volume quantities.

Accordingly, the principal reason for the Placing is to raise funds to give the Group's balance sheet sufficient strength to establish credibility with major telecoms service providers. The net placing proceeds generated for the Group will also be used, where necessary, in bringing forward investment in sales, product marketing and product development and to provide the increased working capital likely to be required as the business grows.

The proceeds of the Placing will also be used to discharge the costs of Admission together with bonuses payable to three of the Directors on Admission. Further details of these are set out in paragraph 2 of Part IV of this document.

The Directors further believe that the associated benefits of the Placing and Admission include the following:

Corporate profile

The Directors believe that the Company's AIM traded status may provide additional flexibility or opportunities in the Group's commercial activities.

Incentives for staff

The Directors consider that the recruitment, retention and incentivisation of key staff through the use of share options may be important to Amino's continued development. They consider that the ability to grant options over publicly traded shares is potentially more attractive to key staff than the grant of options over unquoted shares.

Access to capital markets

The Directors believe that the cost of capital for a publicly traded company may be lower than that for a private company and that capital should be more freely available than for an equivalent private company.

DETAILS OF THE PLACING

KBC Peel Hunt, as agent for the Company, has conditionally placed 5,833,333 new Ordinary Shares with investors at 120p per share. As agent for a number of shareholders, including Grant Masom, Bob Giddy and Stuart Darling, as referred to above, KBC Peel Hunt has also placed 4,782,197 existing Ordinary Shares with investors at 120p per share. The Placing, which is not underwritten, is conditional, *inter alia*, upon the admission of the Company's Ordinary Shares to trading on AIM by 9 June 2004, or such later time as KBC Peel Hunt and the Company agree.

The Placing is intended to raise £7.0 million for the Company, before expenses. After the expenses of the Placing and Admission payable by the Company, estimated in total at £580,000 (excluding VAT), the Placing is intended to raise £6.42 million.

It is expected that the proceeds of the Placing will be received by the Company on or before 11 June 2004. It is expected that the appropriate stock accounts of placees will be credited with the Placing Shares comprising their Placing participation with effect from 9 June 2004. In the case of placees requesting Placing Shares in certificated form, it is expected that certificates in respect of the Placing Shares will be despatched by post, within 14 days of the date of Admission.

Pending despatch of share certificates or crediting of CREST accounts, the Company's registrar will certify any instruments of transfer against the register.

Further details of the Placing and Admission Agreement are set out in paragraph 10 of Part IV of this document.

ACCOUNTING REFERENCE DATE AND DIVIDEND POLICY

The Group has changed its year end from 31 December to 30 November in order to overcome the logistical challenges presented by the year-end holiday period. The Group's first reported results following Admission will be in respect of the six months ending 30 June 2004. It will then report results for the eleven months to 30 November 2004. Thereafter, it will report results made up to 31 May and 30 November each year.

The Company has no plans to pay a dividend in respect of the financial period ending 30 November 2004. Thereafter, it expects to operate a progressive dividend policy, profitability permitting, commencing with an interim dividend in respect of the year ending 30 November 2005.

FURTHER INFORMATION

The attention of potential investors is drawn to the additional information in Parts II to IV of this document.

PART II

RISK FACTORS

Prospective investors should be aware that an investment in the Company involves a high degree of risk and should only be made by those with the necessary expertise to appraise the investment. The following are considered by the Board to be the main risk factors which could have a material adverse effect on the business, financial condition, results or future operations. The following list is not intended to be exhaustive but it should be considered carefully by prospective investors in evaluating whether to make an investment in the Company in addition to the other information contained in this document.

Past losses and revenue growth

The Group incurred a consolidated loss on ordinary activities before tax of £4.4 million for the year ended 31 December 2003 (year ended 31 December 2002: £2.1 million loss, year ended 31 December 2001: £3.2 million loss). Although the Group has experienced revenue growth in the last quarter of 2003 and to date in the current financial period, that growth is not necessarily indicative of future operating results. The Group's results may fluctuate as a result of a number of factors, many of which are beyond its control. Such factors include, amongst others: unanticipated delays or problems in the introduction of the Group's products; availability of hardware components; the growth rate of markets into which those products are sold and market acceptance of and demand for the Group's products and those of its customers.

Early stage of commercialisation

Until September 2003, the Amino was primarily engaged in research and development of software and hardware and the development and testing of its first suite of products. Amino's experience of commercial scale manufacture of its products is therefore limited.

Amino continues to develop its capabilities in sales, customer support and supply chain management, and marketing with a view to achieving greater market penetration and geographic presence thereby establishing its products as a market leader. However, the Company cannot guarantee that its business development strategy will be successful. Amino's results will be dependent upon an increasing number of those customers who have purchased products for evaluation purposes placing volume orders for deployment of Amino's products and the ability of Amino to arrange manufacture of these products to satisfy that demand.

Dependence on suppliers, sub-contractors and partners

Dependence on sole source production or on sources of supply where there are limited available alternatives subjects the Group to the risks associated with an interruption or loss of supply.

In common with many other producers of electrical products, the Group's products (and those under development) are designed and based on single components provided by sole source suppliers. The Group is exposed to the risk of those components ceasing to be available either in sufficient quantities or at all as and when required by the Group to satisfy orders from its customers.

Similarly, the Group's products incorporate or are designed to integrate with software and hardware components provided by sole source suppliers although other sources of components providing similar functions exist. If the supply of current software and hardware components ceases or is insufficient to meet customer demand, it would be necessary to switch to alternative components which may require the Group to re-design and/or re-test its products and may result in an increase in production costs as well as delays in meeting customer orders.

The Group's products also incorporate certain commodity components, notably memory. These are subject to fluctuations in price, which impact on the Group's product margins, and fluctuations in the availability of supplies, which can result in longer lead times. Any interruption in the availability of such components would be likely to result in increased cost and/or an inability for the Group to meet customer orders.

The ability of the Group to achieve market acceptance of its products is dependent upon the Group establishing and maintaining alliances with the main suppliers in the IPTV market. There can be no assurance that such alliances will continue or strengthen or that such suppliers will not form alliances with competitors.

Dependence on a small number of customers

In the short term, a significant proportion of the Group's revenue is expected to continue to be dependent on a small number of customers. In particular, all the Group's revenues in the hospitality market are based upon its contract with NEC for the installation of NEC's TALIA system. If one or more major customers terminate contracts or significantly reduce their anticipated commitments, it may not be possible to replace these revenues in the short term.

Dependence on retention and recruitment of key personnel

The success of Amino and its business strategy are dependent on its ability to retain and attract key management, engineering, sales, marketing and other operating personnel with the relevant expertise and experience. As Amino expands the commercialisation of its products, Amino will need to recruit and integrate additional personnel. In a period of high growth, the loss of the services of one or more members of the management group or the inability to recruit and effectively integrate additional personnel as needed could have an adverse effect on Amino's product development programmes and on its business, financial condition and results.

Market growth

The future of the Group is dependent upon the growth of the market for IPTV, a market currently in its infancy. The future size of this market, and other potential markets for the Group's products or technologies, is uncertain and depends upon a number of factors, many of which are beyond the control of the Group. For example the continued availability of key content, such as Hollywood feature films, is material to the development of the market and is reliant on the content providers retaining confidence in the conditional access systems which ensure the content is kept secure and is not unlawfully copied. If content is withdrawn or restricted, this would be likely to have an adverse effect on the market for IPTV. The failure of the market for IPTV to develop as the Group expects would have a material adverse effect on its business, financial condition and results.

Management of growth

The Group's continued growth and geographic expansion has placed and may continue to place strain on the current management and other resources of the Group. In order to manage the Group's growth effectively, the Group will continually need to review the adequacy of its current management, financial, operational and logistics systems.

Product Liability

Reliability of the Group's products is critical to the achievement of their market acceptance (particularly in the telecommunications sector). The Group's products are in themselves complex, incorporate complex components supplied by third parties and are required to integrate into complex networks. There is therefore a risk of latent defects or faults being discovered after shipment and, with the general trend towards the development of increasingly complex products with greater functionality, this risk will increase.

This could result in adverse effects on the Group's business, including recall and replacement costs under product warranties given by the Group, damage to customer relationships, failure to achieve market acceptance of its products and delay in recognition of, or loss of, revenue. Whilst the Group seeks to limit its exposure to potential product liability claims under its customer contracts, customers could claim monetary damages from the Group for any financial or other damage they suffer arising from any product defect. Where any defect relates to a component supplied by a third party, the Group may not be able to recover from the third party supplier any liability it incurs to any customer either in full or at all. The Group does not carry any product liability insurance, which is either unavailable in certain jurisdictions, unavailable to the Group by virtue of its limited track record of commercial scale production or is considered prohibitively expensive in the light of the benefits that such insurance cover may provide.

Competition and technical advances

The market in which the Group is operating is characterised by rapidly evolving technology and industry standards and many of the companies competing in this sector have substantially greater financial, technical and marketing resources, longer operating histories, greater name recognition, larger customer bases and more established co-operative relationships. As the market grows, new alliances between competitors may emerge which could reduce the Group's sales, margins and market shares. Competitors could develop superior or more cost-effective techniques which could render the Group's products uncompetitive or develop products that achieve greater market acceptance than the Group's products. In the future, the Group may experience pricing pressures from competitors and customers which may adversely affect sales levels and/or gross margins.

The future success of the Group and the maintenance of its margins will therefore depend to a large extent upon the Group's ability to develop and introduce new products and enhancements to existing products to meet and broaden customer needs and to anticipate developments in the market and changes in industry standards. No assurance can be given that new products or product enhancements will satisfy customer requirements or can be developed in time to catch market opportunities, will achieve a sufficient level of acceptance in new and existing markets, or will successfully anticipate rapid technological changes or new industry standards.

Intellectual property and proprietary technology

The Group's success will depend in part on its ability to secure and maintain patent protection and copyright for its products and processes, to preserve its trade secrets and to operate without infringing the proprietary rights of third parties.

No assurance can be given that any pending patent applications or any future patent applications will result in granted patents, that the scope of any copyright or patent protection will exclude competitors or provide competitive advantages to the Group, that any of the Group's patents will be held valid if challenged or that third parties will not claim rights in or ownership of the copyright, patents and other proprietary rights held by the Group.

As product sales increase the Group may be subject to claims in relation to infringement of patents, trademarks or other proprietary rights. Adverse judgements against the Group may give rise to significant liability in monetary damages, legal fees and an inability to manufacture, market or sell products either at all or in particular territories using existing trademarks and/or particular technology. Where the Group has given assurances to customers that its products do not infringe proprietary rights of third parties, any such infringement might also expose the Group to liabilities to those customers. Even claims without merit could deter customers and have a detrimental effect on the Group's business as well as being costly and time consuming to defend and diverting Group resources.

Further there can be no assurance that others have not developed or will not develop similar products, duplicate any of the Group's products or design around any patents held by the Group. Others may hold or receive patents which contain claims having a scope that covers products developed by the Group (whether or not patents are issued to the Group).

The Group relies on copyright to protect, amongst other things, the software used in its products. These rights act only to prevent a competitor from copying software and not to prevent a competitor from independently developing works that perform the same functions. Similarly, the Group to some extent relies upon un-patented trade secrets to protect its proprietary technology. No assurance can be given that others will not independently develop or otherwise acquire substantial equivalent techniques or otherwise gain access to the Group's un-patented proprietary technology or disclose such technology or that the Group can ultimately protect meaningful rights to such un-patented proprietary technology.

Exchange rate fluctuations

A majority of the Group's revenues and substantially all its cost of sales are in US Dollars whilst substantially all of its operating costs are in sterling. The Group is therefore exposed to foreign currency risk due to fluctuations in exchange rates. This may result in gains or losses with respect to movements in exchange rates which may be material and may also cause fluctuations in reported financial information that are not necessarily related to the Group's operating results.

Overseas activities

Amino is exposed to additional risks related to operating in foreign countries. Amino's products are manufactured outside the UK and a large proportion are also sold outside the UK. These risks include export controls and/or other regulatory restrictions which may prevent the shipping of products into and from some markets or may increase the costs of doing so, the impact of foreign taxes and other applicable foreign regulations, an inability to repatriate earnings or overseas sales, difficulty in collecting debts or enforcing or protecting intellectual property rights, economic weakness or political instability in foreign economies or markets and the difficulties involved in managing overseas activities.

Volatility in share price and liquidity

The share prices of publicly traded companies that are perceived to be within the technology sector are often subject to significant fluctuations. The market price of the Ordinary Shares may therefore be volatile and may be influenced by factors which affect the quoted technology sector (or quoted companies) generally and not just factors specific to the Group.

Admission to AIM does not guarantee that there will be a liquid market for Ordinary Shares. An active public market for the Ordinary Shares may not develop or be sustained after Admission and the market price may fall below the price of which the Ordinary Shares are issued under the Placing.

PART III

ACCOUNTANTS' REPORTS

SECTION A: AMINO TECHNOLOGIES PLC

The following is the text of a report received from the Company's reporting accountants:

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Abacus House
Castle Park
Cambridge CB3 0AN

The Directors
Amino Technologies plc
Buckingway Business Park,
Anderson Road,
Swavesey,
Cambridgeshire,
CB4 5UQ

The Directors
KBC Peel Hunt Ltd
111 Old Broad Street
London
EC2N 1PH

4 June 2004

Dear Sirs

Amino Technologies plc

Introduction

We report on the financial information set out below. This financial information has been prepared for inclusion in the Admission Document dated 4 June 2004 (the "Admission Document") of Amino Technologies plc (the "Company").

The Company was incorporated as Musicgold plc on 24 March 2004 and changed its name to Amino Technologies plc with effect from 21 April 2004. Save for entering into the agreements referred to in paragraph 2(e) and paragraph 10 of Part IV of the Admission Document, the Company has not yet commenced to trade, has prepared no financial statements for presentation to its members and has not declared or paid a dividend.

On 28 May 2004, the Company acquired in exchange for shares, the entire issued share capital of Amino Holdings Limited. A separate accountants' report on Amino Holdings Limited for the three years ended 31 December 2003 is set out in Part III (B) of the Admission Document.

Basis of preparation

The financial information set out below is based on the financial records of the Company, to which no adjustment was considered necessary.

Responsibility

The financial records are the responsibility of the directors of the Company.

The directors of the Company are responsible for the contents of the Admission Document in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial records, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. Our work also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial records underlying the financial information and whether the accounting polices are appropriate to the circumstances of the Company and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of Admission Document, a true and fair view of the state of affairs of the Company as at the date stated.

Consent

We consent to the inclusion in the Admission Document of this report and accept responsibility for this report for the purposes of paragraph 45(1)(b)(iii) of Schedule 1 of the Public Offers of Securities Regulations 1995.

Financial information

The balance sheet of the Company on incorporation is as follows:

	Notes	£
Current assets		
Debtors		2
Net assets		2
Represented by:		
Share capital	2	2
Shareholders' funds		2

Notes to the financial information

1. Accounting policies

The balance sheet has been prepared in accordance with the historical cost convention.

2. Share capital

The Company was incorporated with an authorised share capital of £100,000, comprising 100,000 ordinary shares of £1 each.

3. *Post balance sheet events*

On 26 April 2004, the Company subdivided its ordinary £1 shares into 1p shares and increased the authorised share capital to £1,000,000, comprising 100,000,000 ordinary shares of 1p each.

The issued share capital of the Company at the date of this document is £452,047.19 comprising 45,204,719 ordinary shares of 1p each.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

SECTION B: AMINO HOLDINGS LIMITED

The following is the text of a report received from the Company's reporting accountants:

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Abacus House
Castle Park
Cambridge CB3 0AN

The Directors
Amino Technologies plc
Buckingway Business Park,
Anderson Road,
Swavesey,
Cambridgeshire,
CB4 5UQ

The Directors
KBC Peel Hunt Ltd
111 Old Broad Street
London
EC2N 1PH

4 June 2004

Dear Sirs

Amino Holdings Limited

Introduction

We report on the consolidated financial information (the "Consolidated Financial Information") set out below. This Consolidated Financial Information has been prepared for inclusion in the Admission Document dated 4 June 2004 (the "Admission Document") of Amino Technologies plc (the "Company").

The Company was incorporated as Creedal Limited on 23 December 1996 and changed its name to Amino Communications Limited on 22 December 1997. On 15 July 1998 the Company changed its name to Amino Holdings Limited.

The Company and its subsidiaries are referred to as the "Amino Group". Amino Holdings and its subsidiaries are referred to as the "Group".

Basis of preparation

The Consolidated Financial Information set out below is based on:

- the audited consolidated accounts of the Group for the year ended 31 December 2003;
- the audited statutory accounts of Amino Holdings Limited and Amino Communications Limited for the year ended 31 December 2002;
- the statutory accounts of Amino Holdings Limited and Amino Communications Limited for the year ended 31 December 2001 which were originally audited by Arthur Andersen.

Responsibility

Such financial statements are the responsibility of the directors of the Company who approved their issue.

The directors of the Company are responsible for the contents of the Admission Document in which this report is included.

It is our responsibility to compile the Consolidated Financial information set out in our report from the financial statements, to form an opinion on the Consolidated Financial Information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the Consolidated Financial Information. The evidence included that previously obtained by us relating to the audits of the financial statements for the years ended 31 December 2003 and 31 December 2002 and additional evidence obtained by us relating to the year ended 31 December 2001. Our work also included an assessment of significant estimates and judgements made by those responsible for the preparation of the Consolidated Financial Information and whether the accounting policies are appropriate to the circumstances of the Company, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Consolidated Financial Information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the Consolidated Financial Information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at the dates stated and of its losses and cash flows for the periods then ended.

Consent

We consent to the inclusion in the Admission Document of this report and accept responsibility for this report for the purposes of paragraph 45(1)(b)(iii) of Schedule 1 of the Public Offers of Securities Regulations 1995.

Consolidated Profit and Loss Account

		Year ended 31 December		
		2001	*2002*	*2003*
	Note	£	£	£
Turnover	4	2,071,028	853,057	1,036,598
Cost of Sales		(553,821)	(261,020)	(739,911)
Gross Profit		1,517,207	592,037	296,687
Selling, general and administrative (non-exceptional expenses)		(2,282,421)	(1,463,974)	(2,498,774)
Selling, general and administrative (exceptional expenses)	3	–	–	(1,043,400)
Selling, general and administrative expenses		(2,282,421)	(1,463,974)	(3,542,174)
Research and development expenses		(2,533,660)	(1,346,220)	(1,259,828)
Other operating income		–	49,567	45,535
Net operating expenses		(4,816,081)	(2,760,627)	(4,756,467)
Operating loss		(3,298,874)	(2,168,590)	(4,459,780)
Interest receivable and similar income	5	91,983	62,679	45,501
Interest payable and similar charges	5	(194)	(852)	(15,490)
Loss on ordinary activities before taxation	6	(3,207,085)	(2,106,763)	(4,429,769)
Tax on loss on ordinary activities	7	482,360	291,469	540,000
Loss for the financial year	22	(2,724,725)	(1,815,294)	(3,889,769)
Loss per 1p ordinary share				
– basic and diluted	9	(17.4)p	(10.6)p	(14.1)p

All results relate to continuing activities.

The Group has no recognised gains and losses other than the losses shown above and therefore no separate statement of total recognised gains and losses has been presented.

Consolidated Balance Sheets

		As at 31 December		
		2001	*2002*	*2003*
	Note	*£*	*£*	*£*
Fixed assets				
Intangible assets	9	31,516	–	32,617
Tangible assets	10	103,398	68,458	354,710
Investments	11	500	–	–
		135,314	68,458	387,327
Current assets				
Stock	12	50,000	58,173	232,047
Debtors – due after one year	13	50,000	–	82,250
Debtors – due within a year	13	755,351	619,391	1,447,210
Trade debtors subject to financing stated net of non-returnable amounts received (2001: £nil, 2002: £nil, 2003: £305,332)	13	–	–	190,004
Short-term investments	14	2,380,905	903,498	3,730,000
Cash at bank and in hand	25	117,399	166,009	1,214,926
		3,353,655	1,747,071	6,896,437
Creditors – Amounts falling due within one year	15	(405,673)	(447,472)	(2,740,346)
Net current assets		2,947,982	1,299,599	4,156,091
Total assets less current liabilities		3,083,296	1,368,057	4,543,418
Creditors – Amounts falling due after more than one year	16	–	–	(141,188)
Provisions for liabilities and charges		–	–	–
Net assets		3,083,296	1,368,057	4,402,230
Capital and reserves				
Called up share capital	19	195,186	195,186	442,672
Share premium account	21	8,156,272	8,156,272	16,098,130
Profit and loss account	22	(5,268,162)	(6,983,401)	(12,138,572)
Total shareholders' funds	23	3,083,296	1,368,057	4,402,230

Consolidated Cash Flow Statements

	Note	*Year ended 31 December* *2001* £	*2002* £	*2003* £
Net cash outflow from operating activities	24	(2,581,387)	(1,925,775)	(4,068,455)
Returns on investments and servicing of finance				
Interest received		91,983	62,679	45,501
Interest paid		(194)	(852)	(15,490)
Net cash inflow from returns on investments and servicing of finance		91,789	61,827	30,011
Taxation		82,360	459,653	231,816
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(84,994)	(44,045)	(378,640)
Purchase of intangible fixed assets		–	–	(37,494)
Sale of tangible fixed assets		220	19,528	2,415
Net cash outflow from capital expenditure and financial investment		(84,774)	(24,517)	(413,719)
Net cash outflow before use of liquid resources and financing		(2,492,012)	(1,428,812)	(4,220,347)
Management of liquid resources				
(Increase)/reduction in short-term deposits with banks		(245,358)	1,477,407	(2,826,502)
Financing				
Issue of ordinary share capital		3,000,000	–	7,310,098
Expenses of share issue		(158,673)	–	(398,254)
Increase in borrowings		–	15	1,007,652
Increase in other borrowings		–	–	176,270
Net cash inflow from financing		2,841,327	15	8,095,766
(Decrease)/increase in net cash		(103,957)	48,610	1,048,917

	2001 £	2002 £	2003 £
Reconciliation of net cash flows to movement in net cash funds			
Net cash at 1 January	2,148,989	2,498,304	1,069,492
Increase in net cash	103,957	48,610	1,048,917
Movement in deposits	245,358	(1,477,407)	2,826,502
Movement in borrowings	–	(15)	(1,183,922)
Net funds at 31 December	2,498,304	1,069,492	3,760,989

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. Basis of preparation

Companies in the Consolidated Financial Information

This Consolidated Financial Information presents the financial record for the three years ended 31 December 2003 and therefore comprises a consolidation of amounts included in the financial statements of the following companies.

Company	*Nature of operations*	*Country of incorporation*
Amino Holdings Limited	Non-trading holding company	England
Amino Communications Limited	Design and manufacturer of set-top boxes and other communication devices	England

2. Accounting policies

Basis of aggregation

The Consolidated Financial Information aggregates the financial information of the subsidiary and associated undertakings of the relevant business held by the Group.

Accounting policies

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been reviewed by the Board of Directors in accordance with Financial Reporting Standard ("FRS") 18, "Accounting policies", and which have been applied consistently for all periods covered by this report, is set out below.

Basis of accounting

The financial statements are prepared under the historical cost convention.

Turnover

Turnover represents the invoice value of goods sold and services provided in the year, stated exclusive of value added tax. Turnover, which excludes value added tax and trade discounts, represents the value of sales of licenses, royalties arising from the resulting sale of the licensed products, support, maintenance, and the sale of products.

Licence revenues under non-cancellable licence agreements are recognised once the licensed hardware and/or software has been delivered and no material further obligations remain outstanding. Where the agreement provides for continuing material obligations to be fulfilled over a period of time, income is deferred until such time as the obligations have been fulfilled.

Non-refundable advance royalties are recognised during the period in which they are receivable. In the case of royalties earned in excess of advance royalties, turnover represents the invoiced value of non-refundable royalties reported.

Income from support and maintenance is recognised over the period in which the service is provided.

Income from the sale of products is recognised when the goods are delivered in accordance with the terms and conditions of sale agreed with the customer.

Deferred taxation

Provision is made for deferred taxation, using full provision accounting when an event has taken place by the balance sheet date which gives rise to an increased or reduced tax liability in the future, in accordance with FRS 19 ("Deferred taxation"). Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets and liabilities are not discounted.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. When the Company uses short-term financial instruments to assist in the management of foreign exchange risk, the related asset or liability is translated at the contractual rate. All differences are taken to the profit and loss account.

Government grants

Government grants are credited to the profit and loss account as other operating income in the period in which they are receivable.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Pension scheme arrangements

The Company operates a stakeholder pension scheme and contributes to a number of personal pension schemes on behalf of its employees. The Company provided no other post retirement benefits to its employees. Pension costs are charged to the profit and loss account in the period to which they relate.

Research and development

Research and development expenditure is written off as incurred.

Share option grants

In accordance with the provisions of Urgent Issues Task Force Abstract 17 (“Employee share schemes”), the Company makes charges to the profit and loss account when options are granted, unless vesting is determined by performance criteria where the charge is spread to match the vesting period. The charge is the estimated market value of the shares at the date of grant less the exercise price of the options. A charge is recognised in the profit and loss account in respect of the options over shares granted to employees of the Company under long-term incentive schemes. The charge is then credited back to reserves.

Employee Share Option Plan Trust

The Group’s Employee Share Ownership Plan (ESOP) is a separately administered trust which is funded by a loan from the Group, and the assets of which comprise shares in the Company. In accordance with Urgent Issues Task Force Abstract 38 (“Accounting for ESOP trusts”), the Company recognises the assets and liabilities of the ESOP in its own accounts and shares held by the trusts are recorded at cost as a deduction in arriving at shareholders’ funds until such time as the shares vest unconditionally to employees.

Short-term investments

Deposits, which are not repayable on demand, are treated as short-term investments in accordance with Financial Reporting Standard 1 (Revised 1996 “Cash flow statements”).

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and sale. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Intangible fixed assets

Technology access fees represent purchased software licences capitalised at cost and amortised over a period of three years, which is their estimated useful economic life.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment in value.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected economic useful life. The principal annual rates used for this purpose are:

Computer equipment	33⅓% per annum
Development software	33⅓% per annum
Office equipment	25% per annum
Leasehold improvement	Period of lease

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

3. Exceptional expenses

Included in selling, general and administrative expenses is an amount of £1,043,400 (2002: £nil; 2001: £nil) in respect of exceptional accrued bonuses for directors. The service contracts of three directors include one-off cash bonuses to be paid for taking the Company to either a successful flotation or trade sale. At 31 December 2003, in accordance with Financial Reporting Standard 12 ("Provisions, contingent liabilities and contingent assets"), the Board was satisfied that since it had a contractual obligation to pay these bonuses and it was probable that the Company would be admitted to the Alternative Investment Market, the above amount was accrued in full.

4. Turnover

Turnover is wholly attributable to the Group's principal activity and originated wholly in the United Kingdom. The analysis of turnover by destination is set out below.

	Year ended 31 December		
	2001	*2002*	*2003*
	£	£	£
Geographical analysis			
United Kingdom and Europe	1,762,882	840,298	385,548
North America	253,484	845	412,747
Asia Pacific and Africa	54,662	11,914	238,303
Total	2,071,028	853,057	1,036,598

5. Interest and similar items

	Year ended 31 December		
	2001	*2002*	*2003*
	£	£	£
Interest payable on bank loans and overdrafts	(194)	(852)	(473)
Other interest payable	–	–	(15,017)
	(194)	(852)	(15,490)
Interest receivable on bank deposits	84,682	62,269	45,501
Other interest receivable	7,301	410	–
Total interest receivable and similar income	91,983	62,679	45,501
Net interest receivable and similar items	91,789	61,827	30,011

6. Loss on ordinary activities before taxation

	Year ended 31 December		
	2001	*2002*	*2003*
	£	£	£
Loss before taxation is stated after charging/(crediting)			
Depreciation of tangible fixed assets	55,466	61,763	84,839
Loss/(profit) on disposal of fixed assets	(58)	(2,406)	5,134
Loss on disposal of intangible assets	–	500	3
Amortisation of intangible fixed assets	31,516	31,516	4,874
Operating lease rentals			
– hire of machinery and equipment	45,470	46,629	28,312
– other operating lease rentals	88,000	88,000	105,893
Services provided by the Group's auditor*			
– audit	11,000	11,500	18,000
– non audit	48,500	9,410	6,650

Fees paid to PricewaterhouseCoopers LLP for non-audit services in the UK were £6,000, £6,500 and £nil for the years ended 31 December 2003, 2002 and 2001, respectively.

* Audit and non-audit fees paid to previous auditors Arthur Andersen (subsequently becoming Deloitte & Touche) were £650, £2,910 and £59,500 for the years ended 31 December 2003, 2002 and 2001 respectively.

7. Tax on loss on ordinary activities

	Year ended 31 December		
	2001	*2002*	*2003*
	£	£	£
Current tax			
UK Corporation tax credit at 30% (2002: 16%) (2001: 16%)	300,000	231,816	–
Under recognition of UK Corporation tax credit in respect of previous years	200,000	59,653	–
	500,000	291,469	–
Foreign tax deducted at source	(17,640)	–	–
	482,360	291,469	–
Deferred tax			
Tax losses recognised (note 18)	–	–	540,000
Tax on loss on ordinary activities	482,360	291,469	540,000

The Group has recognised corporation tax recoverable of £nil, (2002: £231,816; 2001: £400,000) arising on certain allowable research and development expenditure.

The prior years' comparative rate of 16 per cent. is the effective corporation tax rate for payment of research and development tax credits.

The current tax charge for the respective periods is as follows:

	Year ended 31 December		
	2001	*2002*	*2003*
	£	£	£
Loss on ordinary activities before tax	(3,207,085)	(2,106,763)	(4,429,769)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 16%; 2001: 16%)	(515,339)	(337,082)	(1,328,931)
Effects of:			
Under recognition in respect of prior years	(200,000)	(59,653)	–
Expenses not deductible for tax purposes	20,429	1,432	23,348
Tax losses surrendered as group relief	(4,135)	–	–
Tax losses unutilised in the year	289,519	163,529	1,285,829
Capital allowances in excess of depreciation	9,746	17,894	19,754
Enhanced research and development expenditure	(100,000)	(77,272)	–
Other short term timing differences	(220)	(317)	–
Foreign tax deducted at source	17,640	–	–
Current tax (credit)	(482,360)	(291,469)	–

8. Loss per share

Basic and diluted loss per 1p ordinary share are calculated by dividing the loss after taxation attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding those held by the employee share trust (note 20) which are treated as cancelled. The company has no dilutive potential ordinary shares in issue.

The loss after taxation for the year ended 31 December 2003 is £3,889,769; (2002: £1,815,294; 2001: £2,724,725) and the weighted average number of 1p ordinary shares in issue during the year ended 31 December 2003, excluding those held in the employee share trust, is 27,656,945; (2002: 17,068,527; 2001: 15,693,128).

9. Intangible fixed assets

Intangible fixed assets	*Software licenses* £
Cost	
At 31 December 2000	94,547
Additions at cost	–
Disposals	–
At 31 December 2001	94,547
Additions at cost	–
Disposals	–
At 31 December 2002	94,547
Additions at cost	37,494
Disposals	(51,097)
At 31 December 2003	80,944
Aggregate depreciation	
At 31 December 2000	31,515
Charge for the year	31,516
Disposals	–
At 31 December 2001	63,031
Charge for the year	31,516
Disposals	–
At 31 December 2002	94,547
Charge for the year	4,874
Disposals	(51,094)
At 31 December 2003	48,327
Net book amount	
At 31 December 2001	31,516
At 31 December 2002	–
At 31 December 2003	32,617

Software licences are amortised on a straight-line basis at 33⅓ per cent. per annum.

10. Tangible fixed assets

Tangible fixed assets	*Computer Software* £	*Development Software* £	*Office equipment* £	*Leasehold Improvements* £	*Total* £
Cost					
At 31 December 2000	92,176	6,525	24,426	–	123,127
Additions at cost	52,528	5,414	27,052	–	84,994
Disposals	–	–	(300)	–	(300)
At 31 December 2001	144,704	11,939	51,178	–	207,821
Additions at cost	44,045	–	–	–	44,045
Disposals	(18,677)	–	–	–	(18,677)
At 31 December 2002	170,072	11,939	51,178	–	233,189
Additions at cost	53,943	1,500	16,080	307,117	378,640
Disposals	(30,618)	(5,414)	(31,012)	–	(67,044)
At 31 December 2003	193,397	8,025	36,246	307,117	544,785
Aggregate depreciation					
At 31 December 2000	35,840	4,925	8,430	–	49,195
Charge for the year	41,178	2,776	11,512	–	55,466
Disposals	–	–	(138)	–	(138)
At 31 December 2001	77,018	7,701	19,804	–	104,523
Charge for the year	47,620	1,804	12,339	–	61,763
Disposals	(1,555)	–	–	–	(1,555)
At 31 December 2002	123,083	9,505	32,143	–	164,731
Charge for the year	33,219	2,305	11,533	37,782	84,839
Disposals	(29,193)	(4,786)	(25,516)	–	(59,495)
At 31 December 2003	127,109	7,024	18,160	37,782	190,075
Net book amount					
At 31 December 2001	67,686	4,238	31,374	–	103,298
At 31 December 2002	46,989	2,434	19,035	–	68,458
At 31 December 2003	66,288	1,001	18,086	269,335	354,710

11. Investments

	As at 31 December		
	2001 £	*2002* £	*2003* £
Fixed asset investments			
Shares in group undertakings			
Cost at 1 January	500	500	–
Written off in year	–	(500)	–
Cost at 31 December	500	–	–

Amino Communications Limited held 50,000 ordinary shares of 1p each in Cyan Technology Limited, which were valued by new investors at £4.85 per share at a fundraising completed on 25 January 2002. Subsequently, during 2002, this investment was written off as the company to which it relates went into liquidation.

12. Stocks

	As at 31 December		
	2001	*2002*	*2003*
	£	£	£
Stocks and work in progress			
Raw materials	50,000	58,173	–
Finished goods	–	–	232,047
	50,000	58,173	232,047

13. Debtors

	As at 31 December		
	2001	*2002*	*2003*
	£	£	£
Amounts falling due after one year:			
Other debtors	50,000	–	82,250
Amounts falling due within one year:			
Trade debtors (not subject to financing)	185,381	257,128	214,383
Trade debtors subject to financing stated net of non-returnable amounts received:			
Trade debtors (subject to financing)	–	–	495,536
Less: non-returnable amonts received	–	–	(305,532)
Corporation tax	400,000	231,816	–
VAT	–	38,363	47,664
Deferred tax (note 18)	–	–	540,000
Other debtors	15,648	60,562	3,317
Prepayments and accrued income	154,322	31,522	641,846
	755,351	619,391	1,447,210
	805,351	619,391	1,719,464

In December 2003, the Group entered into a discounted invoice finance facility to provide additional working capital. Trade debtors subject to financing represent amounts discounted by banks in the ordinary course of business, subject to strictly limited recourse so that the majority of cash received by the company on discounting is not returnable and carries interest at variable rates. The non-returnable element of the proceeds is shown as a deduction from trade debtors. The Group will not make good any losses over and above the recourse limit.

The factor has agreed in writing that it will seek recourse to both principal and interest only, to the extent that sufficient funds are guaranteed by specific debts it has financed.

The Group incurred the interest charges of £473 (2002: £nil; 2001: £nil) and service charges of £1,943 (2002: £nil; 2001: £nil) in respect of the financing.

14. Short-term investments

Short-term investments comprise bank and similar deposits which are not repayable on demand.

15. Creditors – Amounts falling due within one year

	As at 31 December		
	2001	*2002*	*2003*
	£	£	£
Bank loans and overdrafts	–	15	702,135
Other loans	–	–	35,082
Deposits received from customers	–	–	386,263
Trade creditors	105,278	255,574	314,599
Taxation and social security payable	73,636	111,116	67,806
Other creditors	18,858	8,062	–
Accruals and deferred income	207,901	72,705	1,234,461
	405,673	447,472	2,740,346

Banks loans and overdrafts are secured by a fixed and floating charge over the assets of Amino Communications Limited.

Included within accruals and deferred income is an amount of £4,500 in respect of contributions due to employee personal pension schemes. An amount of £7,673 in respect of contributions due to employee personal pension schemes was included within other creditors in 2002 (2001: £6,929).

Also included within accruals and deferred income is an amount of £1,043,400 (2002: £nil; 2001: £nil) in respect of management bonuses due which are dependent on a successful admission to the Alternative Investment Market (see note 3).

16. Creditors – Amounts falling due after more than one year

	As at 31 December		
	2001	*2002*	*2003*
	£	£	£
Other loans	–	–	141,188
	–	–	141,188

Other loans comprise unsecured borrowings from a third party at a fixed interest rate of 4.56 per cent. repayable over five years.

17. Financial instruments

The financial risks faced by the Group include interest rate risk, currency risk and liquidity risk. The board reviews and agrees policies for managing each of these risks.

The Group's main objectives in using financial instruments are the maximisation of returns from funds held on deposit and, when appropriate, the generation of additional cash resources for the Group's operations through financing arrangements for capital assets and through the issue of shares and debt instruments.

The Group's policy is to raise cash in advance of when it is required and when market conditions are appropriate, using whatever financial instruments can be negotiated with the providers of finance at that time. During the period covered by this report these instruments have included both debt and equity shares.

Due to the nature of the Group's activities, the directors do not consider it necessary to use derivative financial instruments to hedge the Group's exposures to fluctuations in interest and foreign exchange rates, as these exposures have not been significant during the period covered by this report.

These objectives, policies and strategies are consistent with those in previous years. The balance sheet positions at 31 December 2001, 2002 and 2003 are not representative of the positions throughout the periods as cash and short-term investments fluctuate considerably depending on when the fund raising activities have occurred.

Short-term debtors and creditors have been excluded from all the following disclosures as permitted by Financial Reporting Standard 13 ("Derivatives and other financial instruments").

Interest rate risk profile of the Group's financial liabilities

The interest rate risk profile of the Group's financial liabilities for the period covered by the Consolidated Financial Information was:

Currency	*Total* £	*Floating rate financial liabilities* £	*Fixed rate financial liabilities* £	*Financial liabilities on which no interest is paid* £
Sterling	15	–	–	15
At 31 December 2002	15	–	–	15
Weighted average interest rate (%)		*	–	–
Weighted average period until maturity (years)		–	–	*1.0*
Sterling	1,183,937	222,560	176,270	702,135
US dollars	82,972	82,972	–	–
At 31 December 2003	1,266,909	305,532	176,270	702,135
Weighted average interest rate (%)		*	*4.56*	–
Weighted average period for which rate is fixed (years)		–	*4.25*	–
Weighted average period until maturity (years)		–	–	*1.0*

* Floating rate financial liabilities bear interest at rates, based on relevant national LIBOR equivalents, which are fixed in advance for periods of between one month and six months.

The Company had no financial liabilities in the year ended 31 December 2001.

All the Group's creditors falling due within one year (other than bank and other borrowings) are excluded from the above tables either due to the exclusion of short-term items or because they do not meet the definition of a financial liability, such as tax balances.

Interest rate risk profile of the Group's financial assets

Interest rate risk of financial assets

	As at 31 December 2001			*As at 31 December 2002*			*As at 31 December 2003*		
Currency	*Cash at bank and in hand* £	*Short-term deposits* £	*Total* £	*Cash at bank and in hand* £	*Short-term deposits* £	*Total* £	*Cash at bank and in hand* £	*Short-term deposits* £	*Total* £
Sterling	117,399	2,380,905	2,498,304	165,462	903,498	1,068,960	914,856	3,730,000	4,644,856
US dollars	–	–	–	80	–	80	283,043	–	283,043
Euro	–	–	–	467	–	467	17,027	–	17,027
At 31 December	117,399	2,380,905	2,498,304	166,009	903,498	1,069,507	1,214,926	3,730,000	4,944,926
Floating rate	117,399	–	117,399	166,009	–	166,009	1,214,926	–	1,214,926
Fixed rate	–	2,380,905	2,380,905	–	903,498	903,498	–	3,730,000	3,730,000
At 31 December	117,399	2,380,905	2,498,304	166,009	903,498	1,069,507	1,214,926	3,730,000	4,944,926

The fixed rate cash and short-term deposits in sterling were placed with banks on a one-to-six month basis and earned interest at between 3.0 per cent. and 5.0 per cent. in each of the three years. Floating rate cash earns interest based on relevant LIBOR equivalents.

Maturity of financial liabilities

The maturity profile of the carrying amount of the Group's financial liabilities, other than short-term trade creditors and accruals was as follows:

	As at 31 December 2002			*As at 31 December 2003*		
	Debt	*Other financial liabilities*	*Total*	*Debt*	*Other financial liabilities*	*Total*
	£	£	£	£	£	£
Within one year, or on demand	15	–	15	1,007,667	35,082	1,042,749
Between 1 and 2 years	–	–	–	–	39,016	39,016
Between 2 and 5 years	–	–	–	–	102,172	102,172
	15	–	15	1,007,667	176,270	1,183,937

Borrowing facilities

The Group had no undrawn committed borrowing facilities available during the period of covered by the Consolidated Financial Information.

Fair values of financial assets and financial liabilities

The following table provides a comparison by category of the carrying amounts and the fair values of the Group's financial assets and financial liabilities at 31 December 2003, 2002 and 2001. Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale and excludes accrued interest.

	As at 31 December 2001		*As at 31 December 2002*		*As at 31 December 2003*	
	Book value	*Fair value*	*Book value*	*Fair value*	*Book value*	*Fair value*
	£	£	£	£	£	£
Primary financial instruments held or issued to finance the Group's operations:						
Short-term borrowings	–	–	15	15	1,183,937	1,183,937
Short-term deposits*	2,380,905	2,380,905	903,498	903,498	3,730,000	3,730,000
Cash at bank and in hand	117,399	117,399	166,099	166,009	1,214,926	1,214,926

* The fair value of both the short-term borrowings and the short-term deposits approximates to the carrying amount because of the short maturity of these instruments.

18. Provisions for liabilities and charges

Deferred tax

At 31 December 2003, 31 December 2002 and 31 December 2001, the Company had recognised deferred tax and had potential unrecognised deferred tax assets (liabilities) as follows:

	As at 31 December 2001		*As at 31 December 2002*		*As at 31 December 2003*	
	Amount Unrecognised £	*Amount recognised* £	*Amount Unrecognised* £	*Amount recognised* £	*Amount Unrecognised* £	*Amount recognised* £
Tax effect of timing differences because of:						
Excess of capital allowances over depreciation	(28,930)	–	4,622	–	18,086	–
Tax losses carried forward	1,173,360	–	1,479,959	–	2,209,979	540,000
Other short-term timing differences	2,728	–	2,134	–	2,302	–
	1,147,158	–	1,486,715	–	2,230,367	540,000

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date.

Factors that may affect future tax charges

The directors have recognised a deferred tax asset in respect of taxable losses based on their expectation of the Group generating taxable profits in the period ahead.

19. Called-up share capital

	As at 31 December		
	2001	*2002*	*2003*
	£	*£*	*£*
Authorised			
46,000,000 (2002: 24,000,000; 2001: 24,000,000) ordinary shares of 1p each	240,000	240,000	460,000
Allotted, called up and fully paid			
44,267,219 (2002: 19,518,552; 2001: 19,518,552) ordinary shares of 1p each	195,186	195,186	442,672

Authorised share capital

On 21 August 2001, the authorised share capital was increased by 4,000,000 to 24,000,000 ordinary shares of 1p each.

On 15 January 2003, the authorised share capital was increased by 13,500,000 to 37,500,000 ordinary shares of 1p each and on 3 November 2003, the authorised share capital was further increased by 8,500,000 to 46,000,000 ordinary shares of 1p each.

Share issues

On 20 March 2001, the Company allotted 281,250 ordinary shares of 1p each at 5p per share to James Warhurst, a former director, following the exercise of options.

On 4 September 2001, in order to provide additional working capital, the Company allotted 3,896,104 ordinary shares of 1p each at 77p per share.

On 18 February 2003, the Company allotted 4,562,500 ordinary shares of 1p each at 28p per share to the Amino Communications Employee Benefit Trust, consideration for which was satisfied by way of an interest free loan of £1,277,500 from Amino Holdings Limited. Costs incurred in setting up the Employee Benefit Trust amounted to £6,500.

On 28 February 2003, the Company allotted 8,131,648 ordinary shares of 1p each at 28p per share for cash consideration of £2,276,861 in order to provide additional working capital. The net proceeds of the private placement amounted to £2,149,984 after costs of £126,877.

On 1 September 2003, the Company allotted 134,821 ordinary shares of 1p each at 20p per share for cash consideration of £26,964 to one of the directors in lieu of consulting fees.

On 4 November 2003, the Company allotted 11,919,698 ordinary shares of 1p each at 42p per share for cash consideration of £5,006,273 in order to provide additional working capital. The net proceeds of the private placement amounted to £4,741,396 after costs of £264,877.

20. Employee share options

The Company operates share options schemes for employees (including employees of the subsidiary company, Amino Communications Limited) as follows:

- 2000 Unapproved Scheme
- 2000 Approved Discretionary Share Option Scheme
- Enterprise Management Incentive Scheme
- The Company also operates an individual share option scheme for certain non-executive directors.

The maximum number of options that may be granted under the combined schemes was 5,750,000 ordinary shares of 1p each at 31 December 2003. Options over 4,111,441 ordinary shares are to be satisfied out of 5,500,000 shares issued to Walbrook Trustees (Guernsey) Limited, trustees of the Amino Communications Employee Benefits Trust. Options over a further maximum number of 250,000 ordinary shares are reserved for those non-executive directors and consultants who are not considered to be beneficiaries of the Amino Communications Employee Benefits Trust.

At 31 December, the number of options over shares of 1p each granted, available to grant and total number of shares in the employee share option pool is:

	As at 31 December		
	2001	*2002*	*2003*
	Number of shares granted	*Number of shares granted*	*Number of shares granted*
2000 Unapproved scheme	346,253	39,604	1,366,545
2000 Approved discretionary share option scheme	170,369	1,021,914	30,604
Enterprise management incentive scheme	326,665	995,157	2,187,792
Individual share option scheme	258,750	393,750	777,500
	1,102,037	2,450,425	4,362,441
Further options available to grant	1,897,963	549,575	1,387,559
Total option pool	3,000,000	3,000,000	5,750,000

Movement of options over shares

The number of options over ordinary share of 1p each, granted, exercised and lapsed during 2001, is as follows:

Date granted	*Exercise price*	*1 January 2001*	*Granted*	*Exercised*	*Lapsed or cancelled*	*31 December 2001*	*Notes*
22 January 2001	£0.05	–	272,917	–	–	272,917	(c)
22 January 2001	£0.05	–	375,834	–	(2,500)	373,334	(d)
2 March 2001	£0.05	–	281,250	(281,250)	–	–	(a)
4 May 2001	£0.05	–	33,750	–	–	33,750	(a)
	£0.05	–	963,751	(281,250)	(2,500)	680,001	
22 January 2001	£0.60	–	32,000	–	(5,333)	26,667	(d)
	£0.60	–	32,000	–	(5,333)	26,667	
1 June 2001	£0.77	–	225,000	–	–	225,000	(e)
	£0.77	–	225,000	–	–	225,000	
19 January 2001	£2.02	–	200,031	–	(77,531)	122,500	(b)
8 March 2001	£2.02	–	37,869	–	–	37,869	(b)
4 May 2001	£2.02	–	10,000	–	–	10,000	(b)
	£2.02	–	247,900	–	(77,531)	170,369	
		–	1,468,651	(281,250)	(85,364)	1,102,037	

The above options are exercisable from the vesting period noted below until expiry, being 10 years from date of grant:

(a) vested in full on grant.

(b) 1/6 vesting 6 months from date of grant and further 1/36 vesting each subsequent month.

(c) 18/36 vesting at grant and further 1/36 vesting each subsequent month.

(d) 11/36 vesting at grant and further 1/36 vesting each subsequent month.

(e) vest on the earlier of: flotation, trade sale or third anniversary of date of deed.

The number of options over ordinary share of 1p each, granted and lapsed during 2002, is as follows:

Date granted	*Exercise price*	*1 January 2002*	*Granted*	*Exercised*	*Lapsed or cancelled*	*31 December 2002*	*Notes*
22 January 2001	£0.05	272,917	–	–	–	272,917	(c)
22 January 2001	£0.05	373,334	–	–	(11,455)	361,879	(d)
4 May 2001	£0.05	33,750	–	–	–	33,750	(a)
	£0.05	680,001	–	–	(11,455)	668,546	
22 January 2001	£0.60	26,667	–	–	(6,667)	20,000	(d)
	£0.60	26,667	–	–	(6,667)	20,000	
1 June 2001	£0.77	225,000	–	–	–	225,000	(e)
22 January 2002	£0.77	–	720,000	–	–	720,000	(a)
22 January 2002	£0.77	–	142,857	–	(62,853)	80,004	(f)
22 January 2002	£0.77	–	97,143	–	(97,143)	–	(g)
23 January 2002	£0.77	–	4,500	–	–	4,500	(d)
19 March 2002	£0.77	–	30,000	–	–	30,000	(a)
19 March 2002	£0.77	–	105,000	–	–	105,000	(e)
1 May 2002	£0.77	–	80,000	–	–	80,000	(h)
23 May 2002	£0.77	–	2,475	–	–	2,475	(a)
23 May 2002	£0.77	–	33,588	–	–	33,588	(i)
31 May 2002	£0.77	–	10,120	–	–	10,120	(j)
5 June 2002	£0.77	–	15,000	–	–	15,000	(k)
19 June 2002	£0.77	–	9,625	–	–	9,625	(l)
12-31 July 2002	£0.77	–	326,963	–	–	326,963	(a)
31 July 2002	£0.77	–	80,000	–	–	80,000	(m)
	£0.77	225,000	1,657,271	–	(159,996)	1,722,275	
19 January 2001	£2.02	122,500	–	–	(89,658)	32,842	(b)
8 March 2001	£2.02	37,869	–	–	(31,775)	6,094	(b)
4 May 2001	£2.02	10,000	–	–	(9,332)	668	(b)
	£2.02	170,369	–	–	(130,765)	39,604	
		1,102,037	1,657,271	–	(308,883)	2,450,425	

The above options are exercisable from the vesting period noted below until expiry, being 10 years from date of grant:

(a) vested in full on grant.

(b) 1/6 vesting 6 months from date of grant and further 1/36 vesting each subsequent month.

(c) 18/36 vesting at grant and further 1/36 vesting each subsequent month.

(d) 11/36 vesting at grant and further 1/36 vesting each subsequent month.

(e) vest on the earlier of flotation, trade sale or third anniversary of date of deed.

(f) 40,002 vested on grant and further 6,667 per month from 31 January 2002 to 30 April 2003.

(g) 3,817 vested on 30 April 2003, further 6,667 per month from 31 May 2003 to 31 May 2004 and 6,665 on 30 June 2004.

(h) 2,230 vested on grant and further 2,222 per month from 31 May 2002 to 31 March 2005.

(i) total of 28,763 vested on grant and further 4,825 on 30 June 2002.

(j) total of 9,200 vested on grant and further 920 on 30 June 2002.

(k) 14,000 vested on grant and further 1,000 on 30 June 2002.

(l) 8,750 vested on grant and further 875 on 30 June 2002.

(m) 6,674 vested on grant and further 2,222 per month from 1 August 2002 to 30 April 2005.

The number of options over ordinary share of 1p each, granted and lapsed during 2003, is as follows:

Date granted	*Exercise price*	*1 January 2003*	*Granted*	*Exercised*	*Lapsed or cancelled*	*31 December 2003*	*Notes*
22 January 2001	£0.05	272,917	–	–	–	272,917	(c)
22 January 2001	£0.05	361,879	–	–	(41,670)	320,209	(d), (e)
4 May 2001	£0.05	33,750	–	–	–	33,750	(a)
	£0.05	668,546	–	–	(41,670)	626,876	
September 2003	£0.20	–	2,941,211	–	–	2,941,211	(a)
September 2003	£0.20	–	713,750	–	–	713,750	(c)
	£0.20	–	3,654,961	–	–	3,654,961	
22 January 2001	£0.60	20,000	–	–	–	20,000	(d)
	£0.60	20,000	–	–	–	20,000	
June 2001 – July 2002	£0.77	1,692,275	–	–	(1,692,275)*	–	(e), (f)
19 March 2002	£0.77	30,000	–	–	–	30,000	(a)
	£0.77	1,722,275	–	–	(1,692,275)	30,000	
19 January 2001	£2.02	32,842	–	–	(9,000)	23,842	(b), (f)
8 March 2001	£2.02	6,094	–	–	–	6,094	(b)
4 May 2001	£2.02	668	–	–	–	668	(b)
	£2.02	39,604	–	–	(9,000)	30,604	
		2,450,425	3,654,961	–	(1,742,945)	4,362,441	

The above options are exercisable from the vesting period noted below until expiry, being 10 years from date of grant:

(a) vested in full on grant.

(b) 1/6 vesting 6 months from date of grant and further 1/36 vesting each subsequent month.

(c) 18/36 vesting at grant and further 1/36 vesting each subsequent month.

(d) 11/36 vesting at grant and further 1/36 vesting each subsequent month.

(e) lapsed options belonging to former employees.

(f) The remuneration committee recognised that the options granted at an exercise price of 202p per share did not provide an effective incentive and were cancelled during the year.

* Of these options, 93,479 belonging to former employees lapsed. The remaining balance of 1,598,796 options was cancelled during the year as the remuneration committee recognised that the options granted at an exercise price of 77p per share did not provide an effective incentive. New options were then granted in 2003.

KBC Peel Hunt Limited Option

On 27 July 2000, the Company granted to Peel Hunt plc an option over 118,812 ordinary shares of 1p each at an option price of 202p per share. The option is exercisable for a period commencing on the date of a sale or initial public offering of the Company and ending on the day before the seventh anniversary of such date.

21. Share premium account

	As at 31 December		
	2001	*2002*	*2003*
	£	*£*	*£*
At 1 January	5,356,719	8,156,272	8,156,272
Premium on shares issued during the year under the share option schemes	2,799,553	–	7,941,858
At 31 December	8,156,272	8,156,272	16,098,130

22. Profit and loss account

	Year ended 31 December		
	2001	*2002*	*2003*
	£	*£*	*£*
At 1 January	(2,814,986)	(5,268,162)	(6,983,401)
Loss for the year	(2,724,725)	(1,815,294)	(3,889,769)
Subscription price of shares issued to Amino Communications Employee Benefit Trust	–	–	(1,277,500)
Reversal of notional charge for share options granted at less than fair value	271,549	100,055	12,098
At 31 December	(5,268,162)	(6,983,401)	(12,138,572)

23. Reconciliation of movements in shareholders' funds

	Year ended 31 December		
	2001	*2002*	*2003*
	£	*£*	*£*
Opening shareholder's funds	2,695,145	3,083,296	1,368,057
Loss for the year	(2,724,725)	(1,815,294)	(3,889,769)
Issue of ordinary share capital	3,002,813	–	8,587,598
Issue of share capital to Employee Benefit Trust	–	–	(1,277,500)
Expenses of issue of share capital	(161,486)	–	(398,254)
Reversal of share compensation charge	271,549	100,055	12,098
At 31 December	3,083,296	1,368,057	4,402,230

The issue of ordinary share capital in 2001 includes £2,813 related to the exercise of an option over shares for which no proceeds were received.

24. Cash flow from operating activities

Reconciliation of operating loss to net cash inflow from operating activities:

	Year ended 31 December		
	2001	*2002*	*2003*
	£	£	£
Continuing operations			
Operating loss	(3,298,874)	(2,168,590)	(4,459,780)
Reversal of share option compensation charge	271,549	100,055	12,098
Depreciation and amortisation charge (including of profit/loss on disposals)	86,924	91,373	94,850
Decrease/(increase) in stocks	171,260	(8,173)	(173,874)
Increase/(decrease) in debtors	(33,597)	17,776	(1,097,421)
Increase in creditors	221,351	41,784	1,555,672
Net cash outflow from operating activities	(2,581,387)	(1,925,775)	(4,068,455)

25. Reconciliation of movements in net funds

	Cash at bank and in hand	*Short term investments*	*Bank loans and overdrafts*	*Other loans*	*Total*
	£	£	£	£	£
At 1 January 2001	13,442	2,135,547	–	–	2,148,989
Cash flow	103,957	245,358	–	–	349,315
At 31 December 2001	117,399	2,380,905	–	–	2,498,304
Cash flow	48,610	(1,477,407)	(15)	–	(1,428,812)
At 31 December 2002	166,009	903,498	(15)	–	1,069,492
Cash flow	1,048,917	2,826,502	(1,007,652)	(176,270)	2,691,497
At 31 December 2003	1,214,926	3,730,000	(1,007,667)	(176,270)	3,760,989

26. Employees and directors

	Year ended 31 December		
	2001	*2002*	*2003*
	£	£	£
Staff costs for the Group during the year			
Wages and salaries (non-exceptional)	2,273,869	1,517,342	1,979,355
Social security costs (non-exceptional)	216,925	159,850	208,629
Pension costs (non-exceptional)	68,912	55,917	78,840
Wages and salaries (exceptional – see note 3)	–	–	925,000
Social security costs (exceptional – see note 3)	–	–	118,400
	2,559,706	1,733,109	3,310,224
Share options granted at less than fair value	271,549	100,055	12,098
	2,831,255	1,833,164	3,322,322
Average monthly number of people (including executive directors) employed			
By business activity			
Selling general and administration	16	14	20
Hardware and software engineers	36	23	22
	52	37	42

The directors of Amino Holdings Limited who served during the years ended 31 December 2001, 2002 and 2003 were as follows:

Grant Masom	(Executive Chairman, appointed 27 February 2001)
Robert J Giddy	(Managing Director, appointed 26 November 2001)
Martyn N Gilbert	
Neil Spence-Jones	(Resigned 8 May 2003)
Stuart Darling	(Finance Director & Secretary, appointed 20 June 2001)
Dr Colin Smithers	(Non-executive director, appointed 20 June 2001)
Duncan Kerr	(Non-executive director, appointed 16 April, 2003)
Dr David J Dace	(Non executive director, resigned 19 March 2002)
Professor Stephen R Molyneux	(Non executive director, resigned 26 November 2002)
James Warhurst	(Resigned 27 February 2001)

The following changes have taken place since 31 December 2003:

Nick Kuenssberg	(Non-executive director, appointed 26 January 2004)
Martyn N Gilbert	(Resigned 24 February 2004)
Duncan Kerr	(Resigned 26 April 2004)

	Year ended 31 December		
	2001	*2002*	*2003*
	£	£	£
Directors			
Aggregate emoluments (non-exceptional)	361,110	435,466	467,249
Aggregate emoluments (exceptional)	–	–	925,000
Company contributions to personal pension schemes	14,350	15,875	16,500
	375,460	451,341	1,408,749

Contributions were made to the personal pension schemes of four of the directors in 2003 (2002: four; 2001: four), in accordance with their employment contracts.

	Year ended 31 December		
	2001	*2002*	*2003*
	£	£	£
Highest paid director			
Aggregate emoluments (non-exceptional)	107,152	99,527	82,829
Aggregate emoluments (exceptional)	–	–	400,000
Company contributions to personal pension scheme	3,966	4,500	–
	111,118	104,027	482,829

Directors' detailed emoluments

Year ended 31 December 2001

	Salary and fees £	*Benefits* £	*Bonus* £	*Pension* £	*Compensation for loss of office* £	*Exceptional bonus* £	*Total* £
Grant Masom	90,000	–	–	–	–	–	90,000
Robert J Giddy	7,092	–	–	3,250	–	–	10,342
Martyn N Gilbert	99,195	7,957	–	3,966	–	–	111,118
Neil Spence-Jones	83,500	725	–	3,500	–	–	87,725
Stuart Darling	49,065	376	–	3,634	–	–	53,075
Dr David J Dace	13,200	–	–	–	–	–	13,200
James Warhurst	2,000	–	–	–	–	–	2,000
Professor Stephen R Molyneux	8,000	–	–	–	–	–	8,000
	352,052	9,058	–	14,350	–	–	375,460

Year ended 31 December 2002

	Salary and fees £	*Benefits* £	*Bonus* £	*Pension* £	*Compensation for loss of office* £	*Exceptional bonus* £	*Total* £
Grant Masom	53,000	–	–	–	–	–	53,000
Robert J Giddy	98,633	894	–	4,500	–	–	104,027
Martyn N Gilbert	90,000	5,061	–	4,125	–	–	99,186
Neil Spence-Jones	80,750	724	–	3,500	–	–	84,974
Stuart Darling	81,000	604	–	3,750	–	–	85,354
Dr David J Dace	11,300	–	–	–	–	–	11,300
Professor Stephen R Molyneux	1,000	–	–	–	–	–	1,000
Dr Colin Smithers	12,500	–	–	–	–	–	12,500
	428,183	7,283	–	15,875	–	–	451,341

Year ended 31 December 2003

	Salary and fees £	*Benefits* £	*Bonus* £	*Pension* £	*Compensation for loss of office* £	*Exceptional bonus* £	*Total* £
Grant Masom	81,964	865	–	–	–	400,000	482,829
Robert J Giddy	96,000	894	24,000	4,500	–	350,000	475,394
Martyn N Gilbert	100,533	4,015	–	4,500	–	–	109,048
Neil Spence-Jones	19,650	724	–	3,500	30,000	–	53,874
Stuart Darling	81,000	604	12,000	4,000	–	175,000	272,604
Dr Colin Smithers	15,000	–	–	–	–	–	15,000
	394,147	7,102	36,000	16,500	30,000	925,000	1,408,749

Benefits in kind include the provision of medical and life insurance to directors and, in addition, a car and private fuel benefit to Martyn N Gilbert.

Interest in share options

Details of options held by directors in each of the three years are set out below:

	Date of grant	*Expiry date*	*Exercise price (pence)*	*Number at 1 January 2001 (1p shares)*	*Granted in year*	*Exercised in year*	*Lapsed or cancelled in year*	*Number at 31 December 2001 (1p shares)*
Grant Masom	1 June 2001(c)	1 June 2011	77	–	225,000	–	–	225,000
Neil Spence-Jones	22 January 2001(b)	22 January 2011	5	–	272,917	–	–	272,917
Dr David J Dace	4 May 2001(a)	4 May 2011	77	–	33,750	–	–	33,750
James Warhurst	2 March 2001(a)	2 March 2011	5	–	281,250	(281,250)	–	–

	Date of grant	*Expiry date*	*Exercise price (pence)*	*Number at 1 January 2002 (1p shares)*	*Granted in year*	*Exercised in year*	*Lapsed or cancelled in year*	*Number at 31 December 2002 (1p shares)*
Grant Masom	1 June 2001(c)	1 June 2011	77	225,000	–	–	–	225,000
	19 March 2002(c)	19 March 2012	77	–	75,000	–	–	75,000
				225,000	75,000	–	–	300,000
Robert J Giddy	22 January 2002(a)	22 January 2012	77	–	480,000	–	–	480,000
	18 July 2002(a)	18 July 2012	77	–	240,000	–	–	240,000
				–	720,000	–	–	720,000
Neil Spence-Jones	22 January 2001(b)	22 January 2011	5	272,917	–	–	–	272,917
Stuart Darling	22 January 2002(a)	22 January 2012	77	–	240,000	–	–	240,000
David Dace	19 March 2002(a)	19 March 2012	77	33,750	30,000	–	–	63,750
The Trustee of the CIT Fund (2) for Dr Colin Smithers	19 March 2002(c)	19 March 2012	77	–	30,000	–	–	30,000

	Date of grant	*Expiry date*	*Exercise price (pence)*	*Number at 1 January 2003 (1p shares)*	*Granted in year*	*Exercised in year*	*Lapsed or cancelled in year(*)*	*Number at 31 December 2003 (1p shares)*
Grant Masom	1 June 2001(c)	1 June 2011	77	225,000	–	–	(225,000)	–
	19 March 2002(c)	19 March 2012	77	75,000	–	–	(75,000)	–
	1 September 2003(c)	1 September 2013	20	–	130,000	–	–	130,000
	16 September 2003(c)	16 September 2013	20	–	468,750	–	–	468,750
				300,000	598,750	–	(300,000)	598,750
Robert J Giddy	22 January 2002(a)	22 January 2012	77	480,000	–	–	(480,000)	–
	18 July 2002(a)	18 July 2012	77	240,000	–	–	(240,000)	–
	19 September 2003(a)	19 September 2013	20	–	499,999	–	–	499,999
	30 September 2003(a)	30 September 2013	20	–	938,001	–	–	938,001
				720,000	1,438,000	–	(720,000)	1,438,000
Neil Spence-Jones	22 January 2001(b)	22 January 2011	5	272,917	–	–	–	272,917
Stuart Darling	22 January 2002(a)	22 January 2012	77	240,000	–	–	(240,000)	–
	19 September 2003(a)	19 September 2013	20	–	375,000	–	–	375,000
	25 September 2003(a)	25 September 2003	20	–	65,000	–	–	65,000
				240,000	440,000	–	(240,000)	440,000
The Trustee of the CIT Fund (2) for Dr Colin Smithers	19 March 2002(c)	19 March 2012	77	30,000	–	–	(30,000)	–
	30 September 2003(c)	30 September 2013	20	–	55,000	–	–	55,000
				30,000	55,000	–	(30,000)	55,000

The above options are exercisable from the vesting period noted below until expiry, being 10 years from date of grant:

(a) vested in full on grant.

(b) 18/36 vesting at grant and further 1/36 vesting each subsequent month.

(c) vest on the earlier of: flotation, trade sale or third anniversary of date of grant.

(*) the remuneration committee recognised that the options granted at an exercise price of 77p per share did not provide an effective incentive and were cancelled during the year. New options were then granted in 2003.

Subsequent to 31 December 2003, further share options were issued to the Directors (see note 30).

Gains made by directors on share options

On March 2001, Mr. James Warhurst exercised an option over 281,250 shares of the Company, at an exercise price of 5p. The valuation of the Company's shares at that date was 202p. The shares had not been sold as of December 2003.

Interest in shares

The interests of the directors in the company's ordinary shares of 1p each are as follows:

	G Masom Number	*R J Giddy Number*	*M N Gilbert Number*	*D Kerr Number*	*N Spence-Jones(*) Number*	*J Warhurst(*) Number*	*D Dace(*) Number*	*SR Molyneux(*) Number*
At 31 December 2000	–	–	1,757,000	–	159,940	103,000	200,000	150,997
Exercise of options	–	–	–	–	–	281,250	–	–
At 31 December 2001	–	–	1,757,000	–	159,940	384,250	200,000	150,997
At 31 December 2002	–	–	1,757,000	25,946	159,940	–	–	–
Acquired (sold)	274,779	73,031	(200,000)	–	(50,000)	–	–	–
At 31 December 2003	274,779	73,031	1,557,000		109,940	384,250	200,000	150,997

(*)Former directors as at 31 December 2003.

All directors' interests are beneficially held. There has been no change in the interests set out above between 31 December 2003 and 20 May 2004.

27. Operating lease commitments

For the period covered by the Consolidated Financial Information the Group has lease agreements in respect of properties, vehicles, plant and equipment, for which the payment extend over a number of years.

	As at 31 December					
	Land and buildings 2001	*Other 2001*	*Land and buildings 2002*	*Other 2002*	*Land and buildings 2003*	*Other 2003*
	£	£	£	£	£	£
Annual commitments under non-cancellable operating leases expiring:						
Within one year	–	29,814	29,333	8,712	–	8,723
Within two to five years	88,000	36,926	–	23,317	114,982	53,642
	88,000	66,740	29,333	32,029	114,982	62,365

28. Capital and other financial commitments

No capital expenditure is committed as at December 2003 (2002: £nil; 2001: £nil).

As at the 31 December 2003, the Group had committed orders amounting to £1,270,205 (2002: £nil, 2001: £nil), which it had placed with its manufacturing partner.

29. Related party transactions

Loans are outstanding from director (M Gilbert) at 31 December 2003 for £6,223 (2002: £4,000: 2001: £5,000). These loans were made on 24 January 2000 and are repayable on the earlier of: fifth anniversary of the agreements, cessation of employment with the Company, or if any of their shareholdings in the parent company are sold. The loans are unsecured and interest free until they become due.

During the year ended 31 December 2003, the Company paid £650 (2002: £21,490; 2001: £nil) to Plextek Limited for engineering and consulting services in addition to fees paid for services provided by Colin Smithers, in his capacity as non-executive director. Plextek Limited became a related party on 19 March 2002 when Colin Smithers, a director and shareholder of that company, was appointed director of the Company.

30. Post balance sheet events

On 31 January 2004, Amino Holdings Limited allotted 937,500 shares of 1p each at 32p per share to Walbrook Trustees (Guernsey) Limited, trustees of the Amino Communications Employee Benefit Trust, consideration for which was satisfied by way of an interest free loan of £300,000 from Amino Holdings Limited.

On 26 February 2004, the Board resolved to change its accounting reference date to 30 November.

On 1 March 2004, Amino Holdings formed a wholly owned subsidiary, Amino Communications, LLC. based in Atlanta, Georgia, USA, whose principal activities are the distribution in the Americas of set top boxes, home gateways and other communications devices supplied by Amino Communications Limited.

On 24 March 2004, Amino Technologies plc (formerly known as Musicgold plc) was established with the expectation of becoming the new holding company of Amino Holdings Limited.

Since 31 December 2003, an additional 1,087,457 share options were granted by the remuneration committee, of which 758,601 were granted to the directors as follows:

Director	*Date of grant*	*Exercise price*	*Number of options*
Grant Masom	1 February 2004	32p	162,852
Dr Colin Smithers	1 February 2004	32p	14,959
	20 May 2004	70p	10,000
			24,959
Robert J Giddy	1 February 2004	32p	391,116
Stuart Darling	1 February 2004	32p	37,497
	2 February 2004	32p	82,177
			119,674
Nick Kuenssberg	1 February 2004	32p	50,000
	20 May 2004	70p	10,000
			60,000
			758,601

On 21 May 2004, G. Masom exercised options over 130,000 shares with an exercise price of 20p per share.

On 28 May 2004, Amino Technologies plc acquired all of the ordinary shares of 1p each in Amino Holdings Limited in exchange for new ordinary shares of 1p each in the share capital of Amino Technologies plc.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

PART IV

ADDITIONAL INFORMATION

1. Share capital

(a) The Company was incorporated and registered in England and Wales as a public company limited by shares on 24 March 2004 under the Act with the name Musicgold plc and with registered number 5083390. It changed its name to Amino Technologies plc on 21 April 2004. The liability of the members of the Company is limited.

(b) The authorised and issued share capital of the Company at the date of this document is as follows:

	Authorised		*Issued (fully paid)*	
	Number	*£*	*Number*	*£*
Ordinary shares of 1p each	100,000,000	1,000,000	45,204,719	452,047.19

(c) Pursuant to resolutions of the members of the Company passed on 28 May 2004, the Directors were generally and unconditionally authorised for the purposes of section 80 of the Act to allot relevant securities of the Company (i) in an amount of £452,045.19 pursuant to the share exchange referred to in sub-paragraph (d) below, (ii) up to a maximum amount of £70,000 pursuant to the Placing; and (iii) an additional amount of £170,000, such authority expiring at the earlier of the date of the next annual general meeting of the Company or 31 July 2005 save that the Company may before such expiry make any offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired. All unexercised authorities previously granted to allot relevant securities were revoked.

Under the same resolutions, the Directors were also empowered pursuant to section 95 of the Act to allot equity securities for cash (within the meaning of section 94 of the Act) as if section 89(1) of the Act did not apply to any such allotment, such power being limited to the allotment of equity securities (i) up to a maximum amount of £70,000 pursuant to the Placing (ii) pursuant to options (whether to directors, employees or any other persons) to subscribe for shares in the Company granted prior to Admission or to any such options granted after Admission by the Company in consideration for the release of options to subscribe for shares in Amino Holdings Limited granted by that company prior to Admission, (iii) to any person who acquires shares in Amino Holdings Limited after Admission pursuant to an option to subscribe for shares in Amino Holdings Limited granted prior to Admission where such person is required to exchange each such share so acquired for one Ordinary Share in the Company pursuant to the articles of association of Amino Holdings Limited, and (iv) otherwise up to a maximum amount of £50,000. This power, which is in substitution of all existing authorities, will, inter alia, permit the allotment for cash (otherwise than pro rata to existing holdings) of the authorised but unissued ordinary shares in the capital of the Company following the Placing up to an aggregate nominal value of £50,000, representing approximately 10 per cent. of the nominal value of the issued ordinary share capital of the Company following the Placing. Unless renewed, varied or extended, this power will expire (in the case of (i) and (iv) above) at the earlier of the date of the next annual general meeting of the Company or 31 July 2005 and (in the case of (ii) and (iii) above) on the date which is five years from the date of the resolution, save that the Company may before the relevant expiry date make any offer or agreement which would or might require relevant securities to be allotted after such expiry (and the Directors may allot equity securities in pursuance of such offer or agreement) as if the power conferred hereby had not expired.

(d) On 28 May 2004, the Company acquired the entire issued share capital of Amino Holdings Limited in consideration for the shareholders in Amino Holdings Limited receiving 45,204,719 Ordinary Shares in aggregate (which included 200 subscriber Ordinary Shares which had been transferred to Grant Masom and Bob Giddy).

(e) Immediately following the Placing and Admission, the authorised and issued share capital of the Company will be as follows:

	Authorised		*Issued (fully paid)*	
	Number	*£*	*Number*	*£*
Ordinary Shares	100,000,000	1,000,000	51,038,052	510,380.52

(f) The new Ordinary Shares will be issued in reliance on the authority and power referred to in sub-paragraph (c) above. On Admission the Ordinary Shares will rank *pari passu* in all respects.

(g) The Company's articles of association contain no provisions as to rights of pre-emption on either the transfer, issue or allotment of shares. The provisions of section 89 of the Act confer on shareholders rights of pre-emption in respect of the allotment of equity securities (within the meaning of section 94(2) of the Act) which are, or are to be, paid up in cash (other than by way of allotment to employees under an employees' share scheme, as defined in section 743 of the Act) and will apply to the whole of the authorised but unissued share capital of the Company except to the extent disapplied by the resolution referred to in sub-paragraph (c) above.

(h) Options over 5,449,898 Ordinary Shares have been granted to employees, directors and former employees and directors pursuant to the Share Option Plan which are outstanding. Currently, 5,370,000 existing Ordinary Shares are held by the EBT for the purposes of satisfying the majority of these option entitlements (save for options over 203,709 Ordinary Shares which are not permitted to be satisfied from the EBT). Stuart Darling and Bob Giddy have each agreed to exercise immediately prior to Admission options over 59,674 and 800,000 Ordinary Shares respectively which will be satisfied from the EBT. One current and two former employees have agreed to exercise immediately prior to Admission options over 402,537 Ordinary Shares which will also be satisfied from the EBT. Accordingly, the EBT is expected to hold 4,107,789 Ordinary Shares following the Placing. Further details of the EBT and the Share Option Plan are set out in paragraph 6 of this Part IV.

(i) In addition, the Company has granted 198,812 options to subscribe new Ordinary Shares to the following persons:

(i) 118,812 options were granted to KBC Peel Hunt on 27 July 2000 in consideration for services to Amino Holdings Limited in connection with a placing of ordinary shares. These options can be exercised at a price of 202 pence per share for a period of seven years commencing on the date of a trade sale or flotation of the Group.

(ii) 15,000 options were granted to F.T. Consultants B.V. on 1 September 2003 in consideration for services to Amino Communications Limited under a sales representative agreement. These options can be exercised at a price of 20 pence per share on the earliest of a trade sale or flotation of the Group or three years from their date of grant.

(iii) 15,000 options were granted to Hunter Media Consultancy on 1 September 2003 in consideration for services to Amino Communications Limited as a sales representative. These options can be exercised at a price of 20 pence per share on the earliest of a trade sale or flotation of the Group or three years from their date of grant.

(iv) 30,000 options were granted to Karthik Ranjan on 1 September 2003 at a price of 20 pence per share and a further 20,000 options were granted on 1 February 2004 at a price of 32 pence per share all in consideration for services to Amino Communications, L.L.C. as a sales representative. These options can be exercised on the earliest of a trade sale or flotation of the Group or three years from their date of grant.

(j) The Company is committed to grant 330,000 options to employees who have recently commenced or agreed to commence employment with Amino. These options will be granted under new employee share option schemes to be established by Amino as referred to in paragraph 6 of this Part IV.

2. Directors

(a) *Interests in Ordinary Shares*

The interests of the Directors in Ordinary Shares as at 3 June 2004 (being the latest practicable date prior to the publication of this document), all of which are beneficial, are as follows:

Ordinary Shares

	As at 3 June 2004		*Following Admission*	
	No. of Ordinary Shares	*Percentage of issued share capital*	*No. of Ordinary Shares*	*Percentage of Enlarged Issued Share Capital*
Directors:				
G A Masom	404,779	0.90	304,779	0.60
R J Giddy	73,031	0.16	–	–
S Darling	–	–	–	–
N C D Kuenssberg	–	–	25,000	0.05
C R Smithers	–	–	40,000	0.08

Note:

1. All the Directors are deemed to have an interest in all of the Ordinary Shares held in the EBT further details of which are set out in paragraphs 3 and 6 of this Part IV.

Options to acquire Ordinary Shares

	Type of scheme	*Date of grant*	*Ordinary Shares under option*	*Exercise Price*
G A Masom	Unapproved	16 September 2003	468,750	20p
	Unapproved	1 February 2004	162,852	32p
R J Giddy	EMI	19 September 2003	499,999	20p
	Unapproved	30 September 2003	938,001	20p
	Unapproved	1 February 2004	391,116	32p
S Darling	EMI	19 September 2003	375,000	20p
	EMI	25 September 2003	65,000	20p
	EMI	1 February 2004	37,497	32p
	Unapproved	2 February 2004	82,177	32p
N C D Kuenssberg	Unapproved	1 February 2004	50,000	32p
	Unapproved	20 May 2004	10,000	70p
C R Smithers	Unapproved	30 September 2003	55,000	20p
	Unapproved	1 February 2004	14,959	32p
	Unapproved	20 May 2004	10,000	70p

Notes:

(1) These options are exercisable from the date of Admission until the expiry of the period of ten years from their date of grant.

(2) References to EMI are to the Enterprise Management Incentive Share Option Plan which forms part of the Share Option Plan.

(3) Stuart Darling has agreed to exercise immediately prior to Admission unapproved options over 59,674 Ordinary Shares granted at 32 pence per share on 2 February 2004 and will sell all such shares in the Placing.

(4) Bob Giddy has agreed to exercise immediately prior to Admission unapproved options over 800,000 Ordinary Shares granted at 20 pence per share on 30 September 2003 and, together with the 73,031 Ordinary Shares he currently holds in the Company, will sell all such shares in the Placing.

(b) *Directorships*

The Directors currently hold the following directorships and have held the following directorships within the five years prior to the publication of this document:

	Current directorships	*Former directorships held in last five years*
G A Masom	Amino Technologies plc Amino Holdings Limited Amino Communications Limited Comunica Holdings plc ePoint Group Limited Phase One A/S TIS Software (EBT) Limited TIS Software Holdings Limited TIS Software Limited	Computer Parts International Limited Coursewise Limited DAN Technology Holdings plc Fiberintheloop Limited GADC Holdings Limited Panacea Holdings Limited Sharpowl (Trustees) Limited Sharpowl Software International Limited
R J Giddy	Amino Technologies plc Amino Holdings Limited Amino Communications Limited	Insilicon Limited NEC Electronics (UK) Limited
S Darling	Amino Technologies plc Amino Holdings Limited Amino Communications Limited MWD Ramsey Limited	Creature Labs Limited Cyberlife Technology Limited Cartezia Limited
N C D Kuenssberg	Amino Technologies plc Amino Holdings Limited Canmore Partnership Limited Chamberlin and Hill Plc The David Hume Institute Gap Holdings Limited Gap Group Limited Glasgow School of Art Iomart Group Plc Keronite Limited Ringprop Trading Limited Ringprop Plc Scotland The Brand Limited	Associated Haute Couture Fabrics Limited Baxi Partnership Limited BMK (Holdings) Limited Bonded Carpets Limited Douglas, Reyburn & Company Limited London Drapes International Limited Margaret Fabrics Limited The Mindwarp Pavilion Limited Nordale Wools Limited Sekers Menswear Limited Sekers Trading Company Limited Sekers Developments Limited Sekers Mills Limited The Standard Life Assurance Company Stoddard Trading Limited Stoddard International Plc Stoddard Trustees Limited Stoddards Group Limited WMR Stewart & Sons (Hacklemakers) Limited
C R Smithers	Amino Technologies plc Amino Holdings Limited Amino Communications Limited Plextek Limited	None

(c) *Receiverships and liquidations*

Save as disclosed in sub-paragraph (d) below, as at the date of this document none of the Directors has:

(a) had any unspent convictions in relation to indictable offences;

(b) been declared bankrupt or entered into an individual voluntary arrangement;

(c) been a director with an executive function of any company at the time or within twelve months preceding any receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors;

(d) been a partner in a partnership at the time of, or within twelve months preceding, any compulsory liquidation, administration or partnership voluntary arrangement of any such partnership;

(e) had his assets the subject of any receivership or has been a partner of a partnership at the time of or within the twelve months preceding, any assets thereof being the subject of a receivership; or

(f) been subject to any public criticism by any statutory or regulatory authority (including any recognised professional body) or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

(d) Nick Kuenssberg is a non-executive director of The Mindwarp Pavilion Limited which was put into voluntary creditors' liquidation on 17 June 2002 as a result of its failure to raise second round equity funding.

(e) *Terms of employment*

The following executive Directors (the "Executive Directors") entered into service agreements with the Company on 3 June 2004:

Director	*Salary (£)*
Robert Giddy	120,000
Stuart Darling	97,500

The service agreements of the Executive Directors are each terminable on six months' notice from either party. The service agreements contain provisions for early termination, *inter alia*, in the event of serious breach by the relevant director. The service agreements provide for bonuses to be paid to the Executive Directors as follows:

Director	*Annual bonus as a % of salary*[(1)]	*Bonus on Admission (£)*[(2)]
Robert Giddy	40%	350,000
Stuart Darling	25%	175,000

Notes:

(1) Annual bonuses are only payable on realising an operating profit of £1.8 million for the period from 1 January 2004 to 31 December 2004. To the extent such operating profits exceed £1.8 million, the bonuses will be increased proportionately.

(2) In connection with their employment, on 26 July 2002 each of Bob Giddy and Stuart Darling were given the right to receive a bonus of up to £350,000 and £175,000 respectively in the event of a trade sale or flotation. The maximum bonus of £350,000 and £175,000 will become payable in full on Admission.

Under the service agreements the Company will contribute to a pension plan nominated by the Executive Director. The level of contribution is calculated as a percentage of the Executive Director's basic gross annual salary and matches the Executive Director's own contribution subject to a maximum of five per cent per annum.

Each service agreement contains restrictive covenants applicable on termination of employment, preventing the individual from competing with the business or soliciting customers or senior employees of the Group for six months after termination. Each service agreement contains provisions which protect the Group's intellectual property and confidential information.

The following Directors signed letters of appointment with the Company on 3 June 2004 in respect of their services as non-executive directors ("Non-Executive Directors"), details of which are as follows:

Director	*Notice period*	*Fees per annum (£)*
Grant Masom	6 months	40,000
Colin Smithers	3 months	19,000
Nicholas Kuenssberg	3 months	19,000

Pursuant to a consultancy agreement entered into between Grant Masom and Amino Holdings Limited on 27 February 2001 Grant Masom is entitled to a bonus of up to £400,000 on a flotation or trade sale. The maximum bonus of £400,000 will become payable in full on Admission. No further services will be provided under the consultancy agreement after Admission.

(f) *Estimate of remuneration*

The aggregate of the remuneration paid and benefits in kind (including pension contributions) granted to the Directors by the Group during the financial year ended 31 December 2003 was £1,408,749, including one-off bonuses of £925,000 which are payable on Admission. The aggregate of the remuneration payable and benefits in kind (including pension contributions) to be granted by the Group to the Directors for the financial period ending 30 November 2004 under the arrangements in force at the date of this document is estimated to be approximately £380,000.

3. Substantial shareholders

Other than the holdings of the Directors, which are set out in paragraph 2 of this Part IV, the Directors are aware of the following who, as at 3 June 2004 (being the latest practicable date prior to the publication of this document), were interested, directly or indirectly, in 3 per cent. or more of the Company's capital:

	As at 3 June 2004		*Following Admission*
	No. of Ordinary Shares	*Percentage of issued share capital*	*Percentage of Enlarged Issued Share Capital*
Employee Benefit Trust (Walbrook Trustees (Guernsey) Limited)	5,370,000	11.88	8.05[1]
Fidelity Funds SICAV	4,329,806	9.58	8.48
Richard Farleigh	2,878,785	6.37	5.64
CLS Holdings	2,406,195	5.32	4.71
Michael Underwood	2,184,938	4.83	4.28
Barkley Limited	1,804,871	3.99	3.54
Southwind Limited	1,798,223	3.98	3.52
Credit Suisse Asset Management	1,688,312	3.73	3.31
Artemis AIM VCT	1,547,619	3.42	3.03
New Star Select Opportunities Fund	1,482,636	3.28	2.90

Notes:

1. Reflects the exercise of options on Admission by Bob Giddy, Stuart Darling, one current and two former employees over 1,262,211 Ordinary Shares in aggregate.

4. Memorandum of Association

The Memorandum of Association of the Company provides that the Company's principal object is to carry on business as a general commercial company.

5. Articles of Association

The articles of association of the Company (the "Articles") contain, *inter alia*, provisions to the following effect:

(a) *Voting rights*

At general meetings of the Company, on a show of hands, every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative who is not himself a member entitled to vote, shall have one vote and on a poll every member present in person or by proxy or (being a corporation) by duly authorised representative shall have one vote for every share held by him.

No member shall, unless the Directors otherwise determine, be entitled to vote if any call or other sum payable by him/her to the Company in respect of their shares remains unpaid.

No member shall, unless the Board otherwise determines, be entitled to vote in respect of any share held by him if he has been served with a notice under Section 212 of the Act in respect of that share and has failed to provide the information requested in the notice within 14 days of service.

(b) *Variation of rights*

Subject to the provisions of the Act, if the capital of the Company is divided into different classes of shares, the rights attached to any class may be varied, either whilst the Company is a going concern or during or in contemplation of a winding-up either (a) in such manner as may be provided by such rights or (b) in the absence of any such provision with the written consent of the holders of three quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of shares of that class.

Any meeting for the purposes referred to above should be convened and conducted in all respects as nearly as possible in the same way as an extraordinary general meeting. Votes shall only be given in respect of shares of that class and at any such meeting other than an adjourned meeting the quorum shall be two persons holding or representing by proxy at least one-third of the issued shares of the class.

(c) *Transfer of shares*

Any member may transfer all or any of his shares. Save where any rules or regulations made under the Act permit otherwise, the instrument of transfer of a share shall be in any usual form or in any other form which the Board may approve and shall be executed by or on behalf of the transferor and (in the case of a share which is not fully paid) by the transferee. The Board may in its absolute discretion and without giving any reason decline to register any transfer or shares that are not fully paid or on which the Company has a lien. The provisions of the Articles apply equally to uncertificated shares transferred under Crest as they do to certificated shares of the Company.

The Board may decline to register any instrument of transfer unless the duly stamped instrument of transfer:

(i) is lodged at the registered office or such other place as the Board may appoint;

(ii) is accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;

(iii) is in respect of only one class of share; and

(iv) in the case of a transfer to joint holders, the number of joint holders does not exceed four.

(d) *Return of capital on a winding up*

On a winding up, the liquidator may, with the sanction of an extraordinary resolution and any other sanction required by law, divide among the members *in specie* the whole or any part of the assets of the Company and/or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator determines.

(e) *Issue of shares*

Subject to the provisions of the Act and without prejudice to any rights attached to existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or, if the Company has not so determined, as the directors may determine. Subject to the Act, any share may be issued which is, or is liable to be, redeemed at the option of the Company or the holder in accordance with the Articles. Subject to the Act and to the Articles, the unissued shares shall be at the disposal of the Board which may allot, offer, grant options over or otherwise dispose of them to such persons and on such terms as it thinks fit.

(f) *Alteration of share capital*

(i) The Company may from time to time by ordinary resolution (a) increase its capital as the resolution shall prescribe; (b) consolidate and divide all or any of its shares into shares of larger amount; (c) sub-divide all or any of its shares into shares of smaller amount; (d) attach varying rights to the shares resulting from such sub-division; and (e) cancel any shares that at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

(ii) The Company may by special resolution reduce its share capital, any capital redemption reserve fund and any share premium account subject to the provisions of the Act.

(g) *Redemption*

Subject to the provisions of the Act, the Company may purchase its own shares (including redeemable shares).

(h) *Borrowing powers*

The Board may exercise all powers of the Company to borrow money and to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital, and, subject to the provisions of the Act, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(i) *Dividends and other distributions*

Subject to the provisions of the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board. The Board may pay interim dividends if it appears that they are justified by the financial position of the Company.

All dividends shall be apportioned and paid *pro rata* to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid.

Any dividend unclaimed after a period of twelve years from the date on which it became due for payment shall be forfeited and shall revert to the Company.

The Board may, if authorised by an ordinary resolution of the Company, offer members the right to elect to receive shares credited as fully paid instead of cash, in respect of the whole (or some part, to be determined by the Board) of any dividend specified by the ordinary resolution.

(j) *Directors*

(i) At every annual general meeting of the Company as near as possible (but not exceeding) one third of the directors for the time being shall retire by rotation and be eligible for re-election. The directors to retire will be those who have been longest in office or, in the case of those who became or who are re-elected directors on the same day, shall, unless they otherwise agree, be determined by lot.

(ii) Any director who is in any way, whether directly or indirectly, interested in a contract or proposed contract or any other arrangement or proposed arrangement with the Company shall declare the nature and extent of his interests.

(iii) The ordinary remuneration of directors who do not hold executive office for their services (excluding amounts payable under any other provision of the Articles) shall not exceed in aggregate £150,000 per annum or such other amount as the Company may from time to time by ordinary resolution determine. Subject thereto, such remuneration (which shall be deemed to accrue from day to day) shall be divided between the directors as they shall determine or, failing such determination, equally. The directors shall be entitled to all such expenses as they may properly incur in attending meetings of the Board or in the discharge of their duties as directors. Any director who by request of the Board performs special services may be paid such extra remuneration (whether by way of fixed sum, bonus, commission, participation in profits or otherwise) as the Board may determine.

(iv) Unless otherwise determined by ordinary resolution of the Company, the number of directors shall not be subject to any maximum but shall not be less then two. A director shall not be required to hold any shares o the Company by way of qualification.

(k) *Overseas Members*

A member who (having no registered address within the UK) has not supplied to the Company an address for the service of notice shall not be entitled to receive notices from the Company.

6. Share option schemes

A total of 5,449,898 options have been granted to employees, Directors and former employees and directors of the Group pursuant to the Amino Holdings Limited 2000 Employee Share Option Plan. All these options will be exerciseable from Admission and are capable of being exercised at any time within ten years of their date of grant. The exercise price of these options ranges from 5 pence to 202 pence.

Optionholders were given the opportunity pursuant to an option exchange proposal dated 28 April 2004 to exchange their options over shares in Amino Holdings Limited for new options over Ordinary Shares but otherwise on the same terms as the old options.

As at 24 May 2004 options over all but 8,675 shares in the capital of Amino Holdings Limited ("AHL") have been exchanged for options on like terms over the same number of Ordinary Shares in the Company. For those optionholders who have not yet agreed to exchange their options over shares in AHL for new options over Ordinary Shares, the Company will generally continue to allow those options to be exchanged for new options so that optionholders acquire Ordinary Shares in the Company rather than shares in AHL. If any optionholder nevertheless seeks to exercise an option over shares in AHL and acquires those shares, the articles of association of AHL can be applied to compel the optionholder to transfer to the Company any shares resulting from such exercise in exchange for an equal number of Ordinary Shares in the Company.

For the sake of simplicity, the information in this document relating to share options has been prepared as if all outstanding options granted by AHL had been exchanged for options over the same number of Ordinary Shares. Accordingly, where this document refers to options granted by the Company to acquire Ordinary Shares, this includes options granted by AHL to acquire shares in that company which have not been exchanged for new options over Ordinary Shares as referred to above. Such new options will only be granted by the Company if and when the optionholder agrees to such an exchange.

As far as possible, the exercise of these options will be satisfied by the transfer of Ordinary Shares from the EBT which currently holds 5,370,000 Ordinary Shares. The EBT was established in February 2003 and subscribed for 4,562,500 Ordinary Shares in AHL at 28 pence per share on 18 February 2003 and a further 937,500 such shares at 32 pence per share on 31 January 2004 financed by interest free loans from AHL of £1,277,500 and £300,000 respectively. The EBT transferred 130,000 Ordinary Shares to Grant Masom following his exercise of options for that number of shares on 21 May 2004. The shares held by the EBT in AHL were exchanged for Ordinary Shares in the Company under the share exchange referred to in paragraph

1(d) of this Part IV. The trustee of the EBT is Walbrook Trustees (Guernsey) Limited, a professional offshore trustee company.

The Company intends to establish and operate share option schemes following Admission for future option grants that are made, whether under an Inland Revenue approved company share option plan, an Enterprise Management Incentive Scheme, or an unapproved discretionary share option scheme. It would be intended that all employees and directors of the Group would be eligible to participate in the new schemes, subject to applicable eligibility criteria for each scheme. These precise terms of the new schemes remain to be established but the current intention would be for the schemes to incorporate the following key matters:

(a) The exercise price would be set at a level referenced to the market value of Ordinary Shares.

(b) Options would have to be exercised within ten years of the date of grant but could not be exercised within three years of grant except in certain specified circumstances (such as death, termination of employment by reason of disability, injury, redundancy, retirement or sale of the business or subsidiary by which the optionholder is employed). In other cases, options would normally lapse on cessation of employment unless the Board determines otherwise in which event options would have to be exercised within a certain period of time agreed by the Board.

(c) Options would be granted subject to certain performance criteria specified at the date of grant, which criteria may be specific to the role of the relevant optionholder and/or may be linked to accepted performance measurements, such as total shareholder return. In addition to any performance criteria, options may be specified to vest in tranches by reference to the period of employment since the date of grant.

7. Working capital

The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Company and its group will be sufficient for its present requirements, that is for at least twelve months from the date of Admission.

8. Litigation

There are no legal or arbitration proceedings, active, pending or threatened against, or being brought by, the Company or any member of its group which are having or may have a significant effect on the financial position of the Company.

9. Taxation

The following paragraphs include advice received by the Directors on the current tax position of shareholders who are resident or ordinarily resident in the UK for tax purposes and holding Ordinary Shares beneficially as investments. The statements below are intended only as a general guide and do not constitute advice to any shareholder on his personal tax position and may not apply to certain classes of investor who may be subject to special rules (such as dealers in securities, insurance companies, charities, collective investment schemes or pension providers). The comments are based on current legislation and UK Inland Revenue practice. Any investor who is in doubt as to his tax position, or who is subject to taxation in the jurisdiction other than the UK, should consult his or her own professional adviser.

Taxation of Dividends

The Company will not be required to withhold tax at source when paying a dividend.

An individual shareholder who is resident in the UK for tax purposes and who receives a dividend from the Company will generally be entitled to a tax credit which he may set off against his total income tax liability on the dividend. The tax credit will be equal to ten per cent of the aggregate of the dividend and the tax credit (the "gross dividend"), which is also equal to one-ninth of the cash dividend received. A UK resident individual shareholder who is liable to income tax at the starting or basic rate will be subject to tax on the dividend at the rate of 10 per cent. of the gross dividend, so that the tax credit will satisfy in full any shareholder's liability to income tax on the dividend. A UK resident individual shareholder who is liable to income tax at the higher rate will be liable to tax on the gross dividend at the rate of 32.5 per cent. After taking into account the 10 per cent. tax credit, such an individual will have to account for additional tax equal to 22.5 per cent. of the gross dividend (which is also equal to 25 per cent. of the cash dividend received).

UK resident taxpayers who are not liable to UK tax on dividends, including pension funds and charities, will not be entitled to claim repayment of the tax credit attaching to dividends paid by the Company.

Subject to certain exceptions, a shareholder which is a company resident for tax purposes in the UK and which receives a dividend paid by another company resident for tax purposes in the UK will not generally have to pay corporation tax in respect of it. Such shareholders will not be able to claim repayment of tax credits attaching to dividends.

Persons who are not resident in the UK should consult their own tax advisers concerning his tax liabilities on dividends received from the Company and on whether he can benefit from all or part of any tax credit in the jurisdiction in which he is resident.

Taxation on Chargeable Gains

If a shareholder disposes of all or any of the Ordinary Shares acquired in the Placing he may incur a liability to tax on chargeable gains depending upon the shareholder's particular circumstances. Individuals, personal representatives and trustees may be entitled to taper relief which will serve to reduce the chargeable gain. Companies are not entitled to taper relief but are due indexation allowance which may also reduce the chargeable gain.

Stamp Duty and Stamp Duty Reserve Tax

Generally no stamp duty or stamp duty reserve tax ("SDRT") will be payable on the issue of Ordinary Shares pursuant to the Placing. Any subsequent transfer or sale of Ordinary Share will generally give rise to a liability on the purchaser to ad valorem stamp duty currently at a rate equivalent to £5 for every £1,000 (or part thereof) of the consideration paid. A conditional agreement to transfer Ordinary Shares will be subject to SDRT at the rate of 0.5 per cent. of the consideration paid. However, when an instrument of transfer is executed and duly stamped before the expiry of a period of six years beginning with the date of any such agreement, a claim can normally be made to cancel or obtain payment of the SDRT liability. Special rules apply to agreements made by market makers in the ordinary course of their business, broker-dealers and certain other persons.

10. Placing arrangements

Placing and Admission Agreement

Under an agreement made between the Company, the Directors and KBC Peel Hunt and dated 4 June 2004, KBC Peel Hunt has agreed:

(a) to use reasonable endeavours to procure subscribers for 5,833,333 new Ordinary Shares. The Placing and Admission Agreement provides, *inter alia*, for the payment by the Company to KBC Peel Hunt (whether or not the Placing and Admission Agreement becomes unconditional) of a commission of 2.75 per cent. of a sum equal to the issue price multiplied by the number of new Ordinary Shares for which KBC Peel Hunt procures subscribers;

(b) to use reasonable endeavours to procure purchasers for 1,032,705 existing Ordinary Shares proposed to be sold by Grant Masom, Bob Giddy and Stuart Darling pursuant to the Placing. The Placing and Admission Agreement provides, *inter alia*, for the payment by Grant Masom, Bob Giddy and Stuart Darling to KBC Peel Hunt (whether or not the Placing and Admission Agreement becomes unconditional) of a commission of 2.75 per cent. of a sum equal to the issue price multiplied by the number of Ordinary Shares for which KBC Peel Hunt procures purchasers on their behalf; and

(c) on behalf of the Company, to submit to the London Stock Exchange an application for Admission and to act as the Company's nominated adviser in respect of such application.

The obligations of the parties under the Placing and Admission Agreement are conditional upon certain conditions having been fulfilled (or waived by KBC Peel Hunt) by 9.00 a.m. on 9 June 2004, or such later date as may be agreed by KBC Peel Hunt and the Company. The agreement contains certain warranties by the Company and the Directors as to the accuracy of the information contained in this document and other matters relating to the Company and its business. Under the Placing and Admission Agreement and conditional upon Admission, the Company shall pay to KBC Peel Hunt for its services a fee of £150,000 and shall indemnify KBC Peel Hunt against all costs and expenses in connection with the application. The Company has indemnified KBC Peel Hunt against all losses, costs, charges and expenses which KBC Peel Hunt may suffer or incur as a result of or attributable to the carrying out of its duties under the Placing and Admission Agreement.

Vendor sale agreements

Under agreements (the "Agreements") made between KBC Peel Hunt and D Dicken, S Dicken, M Gilbert, C Mansfield, Rupert Hambro & Partners Limited, P Fellows, S Livingstone, J Griffiths, D Dace, Avanti Capital plc, K Knight, E Knight, Yorkshire Fund Managers, N Spence-Jones, Quester VCT plc and M Greenall (the "Vendors") dated 4 June 2004, KBC Peel Hunt has agreed to use reasonable endeavours to procure purchasers for 3,749,492 existing Ordinary Shares pursuant to the Placing. The Agreements provide, *inter alia*, for the payment by the Vendors to KBC Peel Hunt (whether or not the Placing and Admission Agreement becomes unconditional) of a commission of 2.75 per cent. of a sum equal to the issue price multiplied by the number of Ordinary Shares for which KBC Peel Hunt procures purchasers on their behalf.

The obligations of the parties under the Agreements are conditional upon Admission. The Agreements contain representations and warranties by the Vendors as to their title to the Ordinary Shares the subject of the Agreements.

11. Other information

(a) The expenses of the Placing are estimated at approximately £738,000 (excluding VAT) of which £580,000 (excluding VAT) is payable by the Company and £158,000 (excluding VAT) is payable by Grant Masom, Bob Giddy, Stuart Darling and the Vendors.

(b) The minimum amount which, in the opinion of the Directors, must be raised under the Placing to provide the sums required in respect of the matters specified in paragraph 21 of Schedule 1 of the POS Regulations is £7.0 million, £0.58 million of which will be used to fund the expenses of the Placing payable by the Company, as referred to in sub-paragraph (a) above and the remainder of which will provide additional working capital for the Company.

(c) The Ordinary Shares are not currently admitted to dealings on a recognised investment exchange and, other than the Company's application for the Ordinary Shares, both issued and to be issued under the Placing, to be admitted to trading on AIM, no applications for such admission have been made.

(d) KBC Peel Hunt holds 591,161 Ordinary Shares (equivalent to 1.31 per cent. of the Company's ordinary share capital). KBC Peel Hunt has not subscribed for Ordinary Shares in the Placing. As disclosed in paragraph 1(i) of this Part IV, KBC Peel Hunt also has an option to subscribe for a further 118,812 Ordinary Shares. An employee of KBC Peel Hunt directly involved in that company's provision of nominated adviser services to the Company holds 73,755 Ordinary Shares (equivalent to 0.16 per cent. of the Company's ordinary share capital).

12. Availability of this document

Copies of this document will be available to the public free of charge from the registered office of the Company and from the offices of KBC Peel Hunt, at 4th Floor, 111 Old Broad Street, London EC2N 1PH, during normal office hours, Saturdays and Sundays excepted, from the date of this document until the date which is one month following Admission.

4 June 2004

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

"Act"	the Companies Act 1985
"Admission"	the admission of the Ordinary Shares to trading on AIM
"AIM"	a market operated by the London Stock Exchange
"AIM Rules"	the rules published by the London Stock Exchange relating to AIM
"Board"	the board of directors of the Company
"Company"	Amino Technologies plc
"CREST"	the system for the paperless settlement of trades in certain securities
"CRESTCo"	CRESTCo Limited, the operator of "CREST"
"Directors"	the directors of the Company, whose names are set out on page 3
"EBT"	the Amino Communications Employee Benefit Trust
"Group" or "Amino"	the Company and its subsidiary undertakings from time to time
"In-Tech"	In-Tech Electronics Limited
"KBC Peel Hunt"	KBC Peel Hunt Ltd
"London Stock Exchange"	London Stock Exchange plc
"Ordinary Shares"	ordinary shares of 1p each in the Company
"Placing"	the conditional placing by KBC Peel Hunt of the Placing Shares, pursuant to the Placing and Admission Agreement
"Placing and Admission Agreement"	the conditional agreement dated 4 June 2004, between the Company, the Directors and KBC Peel Hunt relating to the Placing and Admission, further details of which are set out in paragraph 10 of Part IV of this document
"Placing Shares"	10,615,530 Ordinary Shares to be placed pursuant to the Placing
"POS Regulations"	the Public Offers of Securities Regulations 1995
"Share Option Plan"	The Amino Holdings Limited 2000 Employee Share Option Plan.
"United States" or "US" or "USA"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia

GLOSSARY OF TECHNICAL TERMS

The following technical terms are used in this document:

"Bit"	Binary digIT, the smallest unit of computerised data
"conditional access"	a method for controlling access to digital media content
"Dolby Digital"	a sound processing system developed by Dolby Laboratories
"DVB"	Digital Video Broadcasting, the European standard for digital television
"DVB-T"	a tuner for accessing 'Free to Air' digital terrestrial television channels
"H.264"	advanced video compression, part 10 of MPEG 4
"IP"	Internet Protocol, a set of protocols developed to allow computers to share resources across a network, and adopted for use within local networks or over the Internet as a whole
"Mbit/s"	Megabit per second, one million bits transferred per second
"middleware"	software that mediates between an application program and a network
"MPEG"	Moving Picture Experts Group, a standard for digital video and audio compression
"multicast"	the ability for multiple receivers accessing the same data stream
"NTSC"	National Television Standards Committee, the standard broadcast signal received by televisions in the United States
"OEM"	Original Equipment Manufacturer
"PAL"	Phase Alternation Line, the standard broadcast signal received by televisions in many European countries
"PVR"	Personal Video Recorder
"RF"	Radio Frequency, a basic level display format
"RGB"	Red Green Blue, a basic-level display format
"S/P-DIF"	Sony/Philips Differential, a standard that allows the transfer of compressed data
"S-video"	a mid-level video format that divides the signal into two channels, luminance and chrominance
"trick play"	the ability to stop, pause, fast forward or rewind video content
"triple-play"	the provision of voice, data and video on a single connection
"USB"	Universal Serial Bus, a protocol for transferring data to and from digital devices